KEEGAN, WERLIN & PABIAN, LLP

ATTORNEYS AT LAW
265 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02110-3113

(617) 951-1400

TELECOPIERS:
(617) 951-1354
(617) 951-0586

July 7, 2004

Mary L. Cottrell, Secretary
Department of Telecommunication and Energy
One South Station, 2nd Floor
Boston, MA 02202

Re: D.T.E. 04-61 — Petition of Boston Edison Company and Commonwealth Electric Company for Approvals Relating to the Termination of Power Purchase Agreements with MASSPOWER

Dear Secretary Cottrell:

Enclosed is an original and nine copies of the Petition for Approvals Relating to Termination of Purchase Power Agreements (the "Petition"), with accompanying testimony and supporting exhibits, submitted by Boston Edison Company ("Boston Edison") and Commonwealth Electric Company ("Commonwealth"), d/b/a NSTAR Electric ("NSTAR Electric"). The Petition requests approval of: (1) the buyout and termination of the Boston Edison's and Commonwealth's respective existing Power Purchase Agreements (the "Existing MASSPOWER PPAs") with MASSPOWER; and (2) ratemaking treatment associated with the costs.

NSTAR Electric is seeking Department approval of a termination agreement dated June 8, 2004 (the "MASSPOWER Termination Agreement") to effect the buyout and termination of the Existing MASSPOWER PPAs. As described in the enclosed documents, the MASSPOWER Termination Agreement requires up-front payments by NSTAR Electric. In order to finance those payments and maximize mitigation, NSTAR Electric will issue rate reduction bonds pursuant to G.L. c. 164, § 1H. The MASSPOWER Termination Agreement is conditioned, in part, on the issuance by the Department of Financing Orders authorizing the securitization of associated costs. NSTAR Electric intends to file applications for approval of the securitization of the costs within six weeks.

The MASSPOWER Termination Agreement and associated securitization will result in customer savings of approximately $67 million on a net-present-value basis. NSTAR Electric is also proposing that the significant customer savings relating to the MASSPOWER Termination Agreement be returned to customers through the Variable Component of each company's Transition Charge. In support of the Petition, NSTAR Electric has enclosed the following:

Exhibit NSTAR-GOL	Prefiled testimony of Geoffrey O. Lubbock (with accompanying exhibits), Vice President, Financial Strategic Planning & Policy, regarding the MASSPOWER Termination Agreement and related customer savings (the "Lubbock Testimony"); and
Exhibit NSTAR-RBH	Prefiled testimony of Robert B. Hevert (with accompanying exhibits), President of Concentric Energy Advisors, Inc. ("CEA"), to discuss the specifics of the auction which resulted in the execution of the MASSPOWER Termination Agreement (the "Hevert Testimony").

The MASSPOWER Termination Agreement set forth herein culminates an almost year-long process undertaken by NSTAR Electric to lower rates for their customers by mitigating transition costs of above-market PPAs via an open and competitive auction process (the "2003 Auction"). As described in Mr. Hevert's testimony, the 2003 Auction provided market participants open and non-discriminatory access to all relevant information and was a competitive process that has resulted in the maximum possible mitigation of transition costs.

Also enclosed is a Motion for Protective Treatment of certain price forecasts and financial information that are included in the analysis of customer savings associated with the MASSPOWER Termination Agreement. These forecasts were procured from a third-party vendor and are proprietary to the vendor. In addition, because negotiations have not been concluded regarding all outstanding PPAs, this information is deemed proprietary and confidential, since the public release of this information could adversely affect NSTAR Electric's ability to maximize mitigation. Finally, the specific pricing terms of the MASSPOWER Termination Agreement are competitively sensitive. The exhibits accompanying this public version of the filing are redacted to remove the confidential information. Unredacted versions are being provided separately, under seal.

Under the terms of the MASSPOWER Termination Agreement, the closing must take place no later than April 1, 2005. Because of the long lead time necessary to complete the issuance of rate reduction bonds pursuant to G.L. c. 164, § 1H, all approvals, including the issuance by the Department of securitization Financing Orders, must be completed by December 15, 2004. Moreover, the earlier the closing, the larger the benefits that will accrue for customers. Accordingly, NSTAR Electric requests expedited consideration of these filings.

Also enclosed is the $100 filing fee. Thank you for your attention to this matter.

Very truly yours,

Robert N. Werlin

Enclosures

cc: Andrew O. Kaplan, General Counsel
Ronald LeComte, Director, Electric Power Division
Kevin Brannelly, Director, Rates and Revenue Requirements Division
Joseph Rogers, Assistant Attorney General
Kerry Britland
Tam Ly

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Petition of Boston Edison Company and Commonwealth Electric Company for Approvals Relating to the Renegotiation of Purchase Power Agreements with MASSPOWER	)))))))	D.T.E. 04-61

PETITION FOR APPROVALS RELATING TO TERMINATION OF PURCHASE POWER AGREEMENTS

1. Boston Edison Company ("Boston Edison") and Commonwealth Electric Company ("Commonwealth") (collectively, the "Petitioners") hereby petition the Department of Telecommunications and Energy (the "Department"), pursuant to G.L. c. 164, §§ 1A, 1G, 76, 94, and 94A, for approval of: (1) the Termination Agreement between Boston Edison, Commonwealth and MASSPOWER (the "MASSPOWER Termination Agreement"); and (b) approval of ratemaking treatment relating to the MASSPOWER Termination Agreement.

2. Boston Edison is a Massachusetts corporation authorized to generate, transmit, purchase, sell, and distribute electricity, and is subject to the regulatory jurisdiction of the Department. Boston Edison provides retail electric service to approximately 650,000 customers in 40 communities, including Boston and communities in the Greater Boston area.

3. Commonwealth is a Massachusetts corporation authorized to generate, transmit, purchase, sell, and distribute electricity, and is subject to the regulatory

jurisdiction of the Department. Commonwealth provides retail electric service to approximately 318,000 customers in 40 communities in southeastern Massachusetts, Cape Cod and Martha's Vineyard.

4. Boston Edison and MASSPOWER are parties to a Power Purchase Agreement, dated October 15, 1990, as amended (the "Boston Edison Power Purchase Agreement"), pursuant to which MASSPOWER sells to Boston Edison, and Boston Edison purchases from MASSPOWER, certain electric energy products produced by MASSPOWER's generation facility located in Indian Orchard, Massachusetts (the "MASSPOWER Facility").

5. Commonwealth and MASSPOWER are parties to Power Purchase Agreements, dated as of December 3, 1990, and February 14, 1992 (as so amended, collectively the "Commonwealth Power Purchase Agreements," together with the Boston Edison Purchase Power Agreement, the "Existing MASSPOWER PPAs") pursuant to which MASSPOWER sells to Commonwealth, and Commonwealth purchases from MASSPOWER, certain electric energy products produced by the MASSPOWER facility.

6. As a result of an auction by Boston Edison, Commonwealth and Cambridge Electric Light Company d/b/a NSTAR Electric ("NSTAR Electric") of their PPA entitlements, including the Existing MASSPOWER PPAs, the Existing MASSPOWER PPAs will be bought out pursuant to the terms of the

MASSPOWER Termination Agreement. The MASSPOWER Termination Agreement was executed on June 8, 2004, and is attached as Appendix A.[1]

7. In support of this Petition, the Petitioners attach the following exhibits:

Exhibit NSTAR-GOL	Prefiled testimony of Geoffrey O. Lubbock (with accompanying exhibits), Vice President, Financial Strategic Planning & Policy, regarding the MASSPOWER Termination Agreement and related customer savings (the "Lubbock Testimony").
Exhibit NSTAR-RBH	Prefiled testimony of Robert B. Hevert (with accompanying exhibits), President of Concentric Energy Advisors, Inc. ("CEA"), to discuss the specifics of the 2003 Auction that resulted in the execution of the MASSPOWER Termination Agreement (the "Hevert Testimony").

8. Approval of the MASSPOWER Termination Agreement and associated ratemaking treatment is requested pursuant to G.L. c. 164, §§ 1A, 1G, 76, 94, and 94A as being in the public interest and the product of all reasonable steps taken to mitigate, to the maximum extent possible, the transition costs relating to the Existing MASSPOWER PPAs. The transaction meets this requirement in that the 2003 Auction and the MASSPOWER Termination Agreement are consistent with the Petitioners' respective Restructuring Settlement and Restructuring Plan (see D.P.U./D.T.E. 96-23 and D.P.U./D.T.E. 97-111).

9. The Existing MASSPOWER PPAs were offered for sale in a public auction. The auction was conducted in an open and competitive manner and was otherwise

[1] Because the MASSPOWER Termination Agreement contains information that is confidential and proprietary to MASSPOWER, a redacted version is attached for the public docket. A confidential copy is being provided separately, under seal.

equitable and maximized the value of the assets that were subject to the auction, pursuant to G.L. c. 164, § 1A(b)(1).

10. The Petitioners selected CEA, a nationally prominent economic advisory firm, to help conduct the 2003 Auction.

11. In conducting the auction, NSTAR Electric and CEA used a fair, unbiased, confidential and competitive process, whereby bidders had the ability and opportunity to maximize the value of their respective bids through complete, uninhibited and non-discriminatory access to all data. The auction process is described in detail in the Hevert Testimony.

12. Pursuant to the MASSPOWER Termination Agreement, the Companies would provide a lump-sum payment (the "Termination Payment") to MASSPOWER in order to terminate the Existing MASSPOWER PPAs. Details regarding the MASSPOWER Termination Agreement are presented in Mr. Lubbock's testimony. In addition, the Companies will propose in a separate filing to securitize their respective transition costs relating to the MASSPOWER Termination Agreement pursuant to a Department-approved Financing Order, in order to maximize customer savings relating to the transaction. The Companies will file separate securitization petitions in the coming weeks to authorize the Companies to issue rate reduction bonds (the "RRBs") that will allow the Companies to provide the Termination Payment to MASSPOWER.

13. Compared to the Existing MASSPOWER PPAs, the MASSPOWER Termination Agreement will result in approximately $67 million of savings, on a net present value ("NPV") basis, subject to the Department's approval of the Companies'

aforementioned securitization petitions. The savings are quantified in Exhibits NSTAR-BEC-GOL-2 and NSTAR-COM-GOL-2, presented by Mr. Lubbock. The savings are determined by comparing the payments that would have been made under the Existing MASSPOWER PPAs to the NPV of the Termination Payment, as financed through the RRBs.

14. These significant savings will be passed on to the Petitioners' customers through the respective Transition Charges of Boston Edison and Commonwealth. Costs associated with the Existing MASSPOWER PPAs have been approved for recovery through the Variable Portion of the Transition Costs of Boston Edison and Commonwealth. The Petitioners propose to recover costs relating to the MASSPOWER Termination Agreement through the Variable Component of Boston Edison's and Commonwealth's respective Transition Charges. The application of the savings relating to the MASSPOWER Termination Agreement is presented in Mr. Lubbock's testimony.

15. G.L. c. 164, §§ 1A and 1G require electric companies to seek to mitigate transition costs, including, as one mitigation method, the renegotiation of above-market power-purchase contracts. G.L. c. 164, § 1G(d)(1) and (2).

16. In reviewing power contract buyouts, buydowns and renegotiations, the Department generally considers the consistency of the proposed transactions with a company's Department-approved restructuring plan or settlement and the Restructuring Act in that the "sale process is equitable and maximizes the value of the existing generation facilities being sold." G.L. c. 164, § 1A(b)(1).

17. Consistent with the Act, Boston Edison's Restructuring Settlement, approved by the Department in Boston Edison Company, D.P.U./D.T.E. 96-23, requires Boston Edison to mitigate its transition costs by "endeavor[ing] to sell, assign or otherwise dispose of its purchased power contracts on terms that will assign ongoing contract payments to a nonaffiliated third party" (Settlement Agreement at §V.C.3.(a)). The Department found that the Settlement Agreement's provisions regarding mitigation were consistent with or substantially complied with the Act.

18. Also consistent with the Act, Commonwealth's Restructuring Plan, approved by the Department in Cambridge Electric Light Company/Canal Electric Company/Commonwealth Electric Company, D.P.U./D.T.E. 97-111, requires that Commonwealth undertake all reasonable steps to mitigate its transition costs and encourages the company to divest its non-nuclear generating assets. The Department has previously found that Commonwealth is committed to full mitigation of its transition costs, "principally by auctioning off...PPAs and generating plants" in compliance with the Act. D.P.U./D.T.E. 97-111, at 64.

19. The MASSPOWER Termination Agreement should be approved by the Department because, consistent with the Act's requirements regarding the renegotiation of PPAs, the MASSPOWER Termination Agreement: (1) is likely to achieve savings to customers; and (2) is otherwise in the public interest. Given the estimated savings of approximately $67 million on an NPV basis relating to the MASSPOWER Termination Agreement and the fact that the savings will be passed on to customers, customers would realize an extraordinary level of savings. Moreover, renegotiating PPAs is consistent with the Act and the Companies'

respective Restructuring Settlement and Restructuring Plan and therefore, approval of the MASSPOWER Termination Agreement is in the public interest. Accordingly, the MASSPOWER Termination Agreement is reasonable and consistent with the Department's standard of review for buyout or buydown agreements. Therefore, the Department should review and approve the MASSPOWER Termination Agreement expeditiously so that the customers of Boston Edison and Commonwealth may realize the significant amount of savings relating to the MASSPOWER Termination Agreement.

WHEREFORE, Boston Edison and Commonwealth respectfully request the Department to approve the MASSPOWER Termination Agreement, and the Petitioners request that the Department make the following findings:

A. The 2003 Auction was conducted consistent with Boston Edison's Restructuring Settlement and Commonwealth's Restructuring Plan in that the auction was equitable and maximized the value of the assets that were subject to the auction, pursuant to G.L. c. 164, § 1A(b)(1).

B. The MASSPOWER Termination Agreement is consistent with the Act and maximizes the mitigation of Boston Edison's and Commonwealth's respective transition costs.

C. The MASSPOWER Termination Agreement is reasonable, is in the public interest and is consistent with the requirements of G.L. c. 164, § 1G(d)(2)(ii).

D. The proposed ratemaking treatment for the above-market portion of the MASSPOWER Termination Agreement is consistent with the Restructuring Settlement, the Restructuring Plan, the Act, G.L. c. 164, § 1G(b)(1) and G.L. c. 164, §§76, 94 and 94A.

E. The Petitioners also respectfully request that the Department grant any other approvals and make any other findings that may be necessary or appropriate to approve the MASSPOWER Termination Agreement as described herein.

The Petitioners respectfully request a decision from the Department on an expedited basis.

Respectfully submitted,

BOSTON EDISON COMPANY
COMMONWEALTH ELECTRIC COMPANY

By Its Attorneys,

Robert N. Werlin, Esq.
John K. Habib, Esq.
Keegan, Werlin & Pabian, LLP
265 Franklin Street
Boston, Massachusetts 02110
(617) 951-1400 (telephone)
(617) 951-1354 (facsimile)

Dated: July 7, 2004

APPENDIX A

(REDACTED)

TERMINATION AGREEMENT **Execution Copy**

This TERMINATION AGREEMENT (the "Termination Agreement" or this "Agreement") is entered into on the 8th day of June, 2004 (the "Execution Date"), by and between BOSTON EDISON COMPANY, a Massachusetts corporation having its principal place of business at 800 Boylston Street, Boston, Massachusetts 02199 ("BECO"), COMMONWEALTH ELECTRIC COMPANY, a Massachusetts corporation having its principal place of business at 800 Boylston Street, Boston, Massachusetts 02199 ("Commonwealth"), and MASSPOWER, a Massachusetts general partnership having its principal place of business at 750 Worcester Street, Indian Orchard, MA 01151 ("MASSPOWER")(hereinafter collectively, the "Parties" or individually, the "Party").

WITNESSETH:

WHEREAS, BECO and MASSPOWER are parties to that certain Power Purchase Agreement, dated October 15, 1990, as amended (the "BECO Power Purchase Agreement"), pursuant to which MASSPOWER sells to BECO, and BECO purchases from MASSPOWER, certain electric energy products produced by MASSPOWER's facility situated in Indian Orchard, Massachusetts (the "Facility"); and

WHEREAS, Commonwealth and MASSPOWER are parties to those certain Power Purchase Agreements, dated as of December 3, 1990, as amended, and February 14, 1992, as amended (collectively the "Commonwealth Power Purchase Agreements," and, together with the BECO Power Purchase Agreement, the "PPAs"), pursuant to which MASSPOWER sells to Commonwealth, and Commonwealth purchases from MASSPOWER, certain electric energy products produced by the Facility; and

WHEREAS, MASSPOWER, BECO and Commonwealth desire to terminate the PPAs pursuant to, and in accordance with, the terms and provisions contained herein;

NOW, THEREFORE, in consideration of the mutual benefits to be derived, and the premises and mutual covenants herein contained, the adequacy of which the Parties hereby acknowledge, the Parties hereto hereby agree as follows:

1. **Definitions**. Capitalized terms used herein shall have the meanings set forth in this Agreement.

2. **Effectiveness; Conditions**.

   2.1 **BECO and Commonwealth's Preconditions**. Notwithstanding anything expressed or implied in this Agreement to the contrary, the obligation of BECO and Commonwealth to make the Termination Payment, as defined in Section 4.1 herein, and to consummate the transaction herein contemplated is conditioned on

(a) issuance by the Massachusetts Department of Telecommunications and Energy ("DTE") of an order (the "Termination Agreement Order" or "TAO") reasonably satisfactory to BECO and Commonwealth approving (i) this Agreement, including the termination of the PPAs pursuant to the terms hereof and (ii) full recovery by BECO and Commonwealth of the amount of the Termination Payment provided hereunder as defined in Section 4.1 of this Agreement, and associated transaction costs through a non-bypassable transition charge under G.L. c. 164, § 1G, by each of BECO and Commonwealth, which TAO shall have become final and nonappealable;

(b) issuance by the DTE of an order (the "Financing Order") reasonably satisfactory to BECO and Commonwealth authorizing the issuance of rate reduction bonds ("Bonds") by BECO and Commonwealth pursuant to G.L. c. 164, § 1H to finance the amount of the Termination Payment provided hereunder and the costs and expenses described in Section 2.1(c), which Financing Order shall have become final and nonappealable;

(c) inclusion in either the TAO or the Financing Order of DTE approval of full recovery by BECO and Commonwealth, and their affiliates, of their respective costs and expenses of providing, recovering, financing and refinancing such payments, including the securitization financing referred to in subsection (b);

(d) receipt by BECO and Commonwealth of the proceeds of the Bonds;

(e) receipt by BECO and Commonwealth of a certificate of an authorized representative of MASSPOWER certifying that the conditions set forth in Sections 2.2(a) and (b) have been satisfied or waived; and

(f) execution of an Interim Operating Agreement in form and substance acceptable to all Parties pursuant to Section 3.3.2.

The TAO and Financing Order, upon becoming final and nonappealable, shall be referred to collectively as the "BECO/ Commonwealth Approvals." For the purpose of this Agreement, an order of the respective regulatory agency shall be deemed final and nonappealable when all applicable appeal periods have expired or with respect to which all rights have been waived by all parties with standing to take such appeal, or if appealed, such appeals have been dismissed, withdrawn or finally determined, and the determination affirming such decision is no longer subject to further appeal.

2.2 <u>MASSPOWER's Preconditions</u>. Notwithstanding anything expressed or implied in this Agreement to the contrary, the obligation of MASSPOWER to consummate the transaction herein contemplated, and the effectiveness of any such transactions, including the termination of the PPAs herein contemplated, shall be conditioned on:

(a) compliance with the terms and provisions of MASSPOWER's financing and security documents, and MASSPOWER's receipt of any necessary consents or approvals from MASSPOWER's lenders as may be required, in form and substance reasonably satisfactory to MASSPOWER, provided that MASSPOWER shall (i) use commercially reasonable efforts to obtain lender approval including providing Fleet National Bank, as agent for MASSPOWER's lenders, with a copy of this Agreement within fifteen (15) days of the Execution Date, (ii) use commercially reasonable efforts to obtain within one hundred and twenty (120) days of the Execution Date a letter from Fleet National Bank, as agent for MASSPOWER's lenders, indicating in substance that no term or condition of this Agreement or any other transaction contemplated herein appears to be inconsistent with the terms and provisions of MASSPOWER's financing and security documents, and that there is no other basis for the withholding of the aforementioned consents and approvals, and (iii) notify BECO and Commonwealth whether this precondition has been satisfied as soon as practicable but not later than twenty (20) days after issuance of the Financing Order, and, in the event of issuance of any rulings on remand, appeal or rehearing pertaining to the Financing Order, not later than twenty (20) days after their issuance, it being understood that such consents or approvals may be subject to consummation of the transaction contemplated by this Agreement, including payment of the Termination Payment;

(b) receipt of each government and regulatory approval ("MASSPOWER's Regulatory Approvals") in form and substance reasonably satisfactory to MASSPOWER including but not limited to recertification by the Federal Energy Regulatory Commission of MASSPOWER's qualifying facility status or approval of market-based rates, and such other approvals of which MASSPOWER shall provide notice to BECO and Commonwealth within sixty (60) days of the Execution Date, and such approvals having become final and nonappealable;

(c) receipt by MASSPOWER (by release from escrow) of the releases and related documents from Commonwealth referred to in Section 3.4;

(d) execution of an Interim Operating Agreement in form and substance acceptable to all Parties pursuant to Section 3.3.2; and

(e) receipt by MASSPOWER of the Termination Payment.

3. **Termination of PPAs.**

3.1 **Termination Date.** The Parties hereby agree that as of 11:59 p.m. on the day that all of the conditions set forth in Section 2 of this Agreement have been satisfied ("Termination Date"), the PPAs shall terminate without any further action being required on the part of BECO, Commonwealth or MASSPOWER to effectuate such termination.

3.2 **Outstanding Invoices and Adjustments.**

3.2.1 **No New Interpretations under the PPAs.** The Parties agree that from and after the Execution Date through the earlier of the Termination Date or termination of this Agreement, the Parties shall not change the interpretation of the cost calculation under the PPAs from that reflected in the March 2004 invoices, except that (i) MASSPOWER shall waive any rights it may have to payments for (a) VARs support and (b) rounding differences related to the Commonwealth energy payment claimed on said invoice, and (ii) BECO and Commonwealth may continue to withhold the disputed payments at issue in the Action, as defined in Section 5.1, until the earlier of the termination of this Agreement or when such Action is resolved.

3.2.2 **Reservation of Rights.** Notwithstanding the termination of the PPAs, BECO and Commonwealth shall remain obligated to make payments to MASSPOWER under the PPAs for invoices for electric energy products supplied on or prior to the Termination Date, and thereafter as provided in Section 3.3.2. The Parties shall retain their respective rights and obligations under the PPAs with respect to billing adjustments and correction of clerical errors until the invoice for the month in which the Termination Date occurs is paid by BECO and Commonwealth to the satisfaction of MASSPOWER. All Parties shall provide notice of any outstanding adjustments or clerical errors prior to the payment of the final invoice. If BECO or Commonwealth has not made any such payment(s) on or prior to the Termination Date, or if any disputed invoice amounts exist as of the Termination Date, excluding those that are the subject of the Action defined in Section 5.1 herein, or if any billing adjustments or refunds cannot be completed by the Termination Date, each Party shall be deemed to have reserved its rights with respect to such amounts, and the mutual releases in Section 5 shall not apply thereto. The existence of any dispute under any of the PPAs shall not affect the obligations of the Parties to consummate the transaction contemplated by this Agreement in accordance with the terms hereof.

3.3 **Transfer of Lead Participant Designation and Entitlement.**

3.3.1 **Transfer Notice Obligations.** Within thirty (30) days of issuance of the Financing Order, MASSPOWER shall provide notice to BECO and Commonwealth of the entity to whom the lead participant function and generation asset ownership entitlement for MASSPOWER shall be transferred on the books and records of ISO New England, Inc. (the independent system operator established in accordance with the Restated NEPOOL Agreement, or its successor) ("ISO") effective on or after the Termination Date (the "Transfer Notice"). BECO and Commonwealth shall provide notice of such entitlement transfer and lead participant designation to the ISO in accordance with the ISO market rules at any time after the Transfer Notice is received from MASSPOWER, but in no case shall BECO, Commonwealth or MASSPOWER authorize the transfers to occur prior to the termination of the PPAs pursuant to Section 3.1. BECO, Commonwealth, and MASSPOWER agree to use all commercially reasonable efforts to make such transfers take effect as soon as possible after the Termination Date.

3.3.2 **Obligations After Termination Date.** The Parties agree to enter into an interim operating agreement, acceptable in form and substance to all Parties, within ninety (90) days of the Execution Date, under which BECO shall continue to perform the lead participant function until the transfers referred to in Section 3.3.1 have occurred (the "Interim Operating Agreement"). Under such Interim Operating Agreement, BECO and Commonwealth shall pay to MASSPOWER all amounts credited to BECO or Commonwealth, or to any contracted third party supplier, or to any other third party that receives any benefit, from or through the ISO, for output and applicable products supplied from the Facility in connection with BECO's and

Commonwealth's entitlement in the Facility continuing after the Termination Date.

3.3.3 **Survival.** The mutual releases in Section 5 do not apply to the obligations created under this Section 3.3.

3.4 **Release of Liens.** No later than sixty (60) days after the TAO has become final and nonappealable or three (3) business days prior to the Termination Date, whichever is earlier, Commonwealth shall execute and deliver into escrow with an escrow agent acceptable to all Parties, in form and substance acceptable to all Parties (a) a full, complete and unconditional release of the Declaration of Easements, Covenants and Restrictions by MASSPOWER, and accepted and agreed to by Commonwealth, dated as of August 15, 1991, and (b) confirmation to U.S. Bank (the "Collateral Agent"), as collateral agent under the First Intercreditor and Collateral Agency Agreement dated as of August 15, 1991 (the "First Intercreditor Agreement"), that the obligations under the Commonwealth Power Purchase Agreements and secured by any lien, mortgage or security interest of the Collateral Agent for the benefit of Commonwealth on the assets of MASSPOWER pursuant to the First Intercreditor Agreement (including, without limitation, the Second Facility Mortgage, the Equipment Security Agreement and the PSA Security Agreement, as each is defined in the First Intercreditor Agreement) have been satisfied, which release and confirmation are to be effective on the Termination Date. Also no later than sixty (60) days after the TAO has become final and nonappealable or on the Termination Date, whichever is earlier, BECO and Commonwealth shall execute and deliver into escrow with an escrow agent acceptable to all Parties any and all documents in a form acceptable to the Parties and to MASSPOWER's lenders and take any further actions thereafter that MASSPOWER may reasonably request to fully, completely and unconditionally release effectively and discharge all of the mortgages, security interests and other liens that BECO and Commonwealth may have on or with respect to the Facility for obligations under the PPAs. MASSPOWER shall be responsible for filing any such release or discharge and shall bear the cost thereof. The mutual releases in Section 5 do not apply to the obligations created under this Section 3.4.

4. **Payments by BECO and Commonwealth.**

REDACTED

REDACTED

REDACTED

5. **Releases.**

5.1 **Releases by BECO**. Except to the extent limited by the express terms of this Agreement, effective from and after the Termination Date, BECO, for itself, its successors and assigns, hereby releases and forever discharges MASSPOWER, the general partners of MASSPOWER, all of the officers, directors, employees and agents of MASSPOWER and their respective successors and assigns and past, present and future affiliates and lenders and all of their respective partners, officers, directors, employees, insurers and agents (collectively, for purposes of this Section 5.1, the "MASSPOWER Released Parties") from any and all claims, demands, actions, causes of action, accounts, covenants, contracts, torts, agreements, obligations, debts, suits, judgments, executions, sums, damages, or liabilities whatsoever in law or equity, whether known or unknown to BECO, which BECO, its successors and assigns ever had, now have or may ever have for, upon or by reason of any matter, cause, circumstance or facts whatsoever existing at any time from the beginning of the world to and including the Termination Date, against any and all of the MASSPOWER Released Parties with respect to any and all liabilities and obligations of the MASSPOWER Released Parties to BECO under or related to the BECO Power Purchase Agreement (including, without limitation, all claims that are the subject of the litigation now pending in the Suffolk Superior Court, Business Litigation Session, Civil Action No. 03-4468-BLS (the "Action")), provided, however, that BECO does not hereby release MASSPOWER from any of its obligations under this Agreement.

5.2 **Releases by Commonwealth**. Except to the extent limited by the express terms of this Agreement, effective from and after the Termination Date, Commonwealth, for itself, its successors and assigns, hereby releases and forever discharges MASSPOWER, the general partners of MASSPOWER, all of the officers, directors, employees and agents of MASSPOWER and their respective successors and assigns and past, present and future affiliates and lenders and all of their respective partners, officers, directors, employees, insurers and agents (collectively, for purposes of this Section 5.2, the "MASSPOWER Released Parties") from any and all claims, demands, actions, causes of action, accounts, covenants, contracts, torts, agreements, obligations, debts, suits, judgments, executions, sums, damages, or liabilities whatsoever in law or equity, whether known or unknown to Commonwealth, which Commonwealth, its successors and assigns ever had, now have or may ever have for, upon or by reason of any matter, cause, circumstance or facts whatsoever existing at any time from the beginning of the world to and including the Termination Date, against any and all of the MASSPOWER Released Parties with respect to any and all liabilities and obligations of the MASSPOWER Released Parties to Commonwealth under or related to the Commonwealth Power Purchase Agreements, provided, however, that Commonwealth does not hereby release MASSPOWER from any of its obligations under this Agreement.

5.3 **Release by MASSPOWER.** Except to the extent limited by the express terms of this Agreement, effective from and after the Termination Date, MASSPOWER, for itself, its successors and assigns, hereby releases and forever discharges BECO and Commonwealth and their respective successors and assigns and past, present and future affiliates and officers, directors, employees, insurers and agents (collectively, for purposes of this Section 5.3, the "BECO/Commonwealth Released Parties") from any and all claims, demands, actions, causes of action, accounts, covenants, contracts, torts, agreements, obligations, debts, suits, judgments, executions, sums, damages, or liabilities whatsoever in law or equity, whether known or unknown to MASSPOWER, which MASSPOWER, its successors and assigns ever had, now have or may ever have for, upon or by reason of any matter, cause, circumstances or facts whatsoever existing at any time from the beginning of the world to and including the Termination Date, against any and all of the BECO/Commonwealth Released Parties with respect to any and all liabilities and obligations of the BECO/Commonwealth Released Parties to MASSPOWER under or related to the PPAs (including, without limitation, the claims that are related to the subject of the Action), provided, however, that MASSPOWER does not hereby release BECO or Commonwealth from any of BECO's or Commonwealth's obligations under this Agreement.

5.4 **Pending Action.** Unless any Party has exercised its right to terminate this Agreement, the Parties shall as may be needed from time to time jointly move the court to maintain the current stay of the Action and no Party shall take any action to remove such stay. If any Party exercises its right to terminate this Agreement, within three (3) business days of any such request, the Parties shall jointly move to dissolve the stay and fix entry of a new scheduling index in the Action reflecting the length of time of the stay. Within three (3) business days of confirmation of payment to MASSPOWER of the Termination Payment, counsel for the Parties shall execute and file a stipulation dismissing the Action with prejudice and without costs or fees, waiving all rights of appeal.

6. **Regulatory Approvals.**

6.1 **BECO/Commonwealth Approvals.** BECO and Commonwealth each agrees to use commercially reasonable efforts to make such filings and undertake such actions as are necessary to obtain the BECO/Commonwealth Approvals. Within thirty (30) days of the Execution Date, BECO and Commonwealth shall petition the DTE for approval of this Agreement on an expedited basis. Within ninety (90) days of the Execution Date, BECO and Commonwealth shall petition the DTE for approval of a Financing Order on an expedited basis, including authority to issue Bonds for the full amount of the Termination Payment. If the BECO/Commonwealth Approvals are obtained, BECO and Commonwealth shall use commercially reasonable efforts to issue the Bonds. At least three (3) days prior to filing such petitions, BECO and Commonwealth shall provide MASSPOWER with a draft of same excluding, at BECO's and Commonwealth's sole discretion, any information that it deems competitive, proprietary or confidential. BECO and Commonwealth shall serve MASSPOWER with copies of all documents submitted by BECO and Commonwealth to the DTE with respect to the BECO/Commonwealth Approvals excluding, at BECO's and Commonwealth's sole discretion, any information that it deems competitive, proprietary or confidential. MASSPOWER hereby agrees to use reasonable efforts to assist BECO and Commonwealth with respect to their efforts to obtain the BECO/Commonwealth Approvals.

6.2 **MASSPOWER's Regulatory Approvals.** At least three (3) days prior to MASSPOWER's filing a petition for each of MASSPOWER's Regulatory Approvals, MASSPOWER shall provide to BECO and Commonwealth a draft of same, excluding, at MASSPOWER's sole discretion, any information that it deems competitive, proprietary or confidential. MASSPOWER shall serve BECO and Commonwealth with copies of all documents submitted by MASSPOWER to regulatory agencies for receipt of such approvals, excluding, at MASSPOWER's sole discretion, any information that it deems competitive, proprietary or confidential. MASSPOWER agrees to use commercially reasonable efforts to make such filings and undertake such actions as are necessary to obtain MASSPOWER's Regulatory Approvals. BECO and Commonwealth hereby agree to use reasonable efforts to assist MASSPOWER with respect to its efforts to obtain the MASSPOWER's Regulatory Approvals.

7. **Termination of Termination Agreement.**

7.1 **Expiration of Termination Payment Period.** Unless otherwise agreed to in writing among the Parties, if BECO and Commonwealth have not made the Termination Payment on or before June 1, 2005, this Agreement may be terminated by any Party, provided such Party is not in breach of a material term of this Agreement, without liability to any other Party, upon seven (7) business days' written notice, and thereafter this Agreement will have no further effect except for provisions which expressly survive termination.

7.2 **Termination by BECO and Commonwealth.**

7.2.1 **TAO and Financing Order**. BECO and Commonwealth may terminate this Agreement by providing written notice to MASSPOWER that the terms of the TAO and Financing Order, or subsequent decisions of the DTE regarding such orders on remand, appeal or rehearing, are not reasonably satisfactory to BECO and Commonwealth. Such written notice must be given to MASSPOWER by BECO and Commonwealth within ten (10) business days, or sooner if commercially reasonable, after receipt of a copy of any such order or approval, including any rulings on any remand, appeal or rehearing thereof, unless such period is extended in writing by MASSPOWER. Upon receipt of such notice by MASSPOWER, this Agreement shall be terminated and of no further effect except for provisions that expressly survive termination.

7.2.2 **MASSPOWER's Regulatory Approvals.** BECO and Commonwealth may terminate this Agreement on written notice to MASSPOWER that, in the sole judgment of BECO and Commonwealth, the terms of any MASSPOWER's Regulatory Approvals, or subsequent decisions by the applicable regulatory agencies regarding such Regulatory Approvals on remand, appeal or rehearing, impose on BECO and/or Commonwealth a material obligation, condition or limitation other than those expressly agreed to by BECO and Commonwealth in this Agreement. Such written notice must be given to MASSPOWER within ten (10) business days, or sooner if commercially reasonable, after receipt of each of the MASSPOWER's Regulatory Approvals, including any rulings on any remand, appeal or hearing thereof, unless such period is extended in writing by MASSPOWER. Upon receipt of such notice by MASSPOWER, this Agreement shall terminate and be of no further effect except for provisions that expressly survive termination.

7.2.3 <u>MASSPOWER's Financing Authorizations</u>. Commonwealth and BECO shall have the right to terminate this Agreement in the event that within twenty (20) days after issuance of the Financing Order and, in the event of issuance of any rulings on remand, appeal or rehearing pertaining to the Financing Order, not later than twenty (20) days after their issuance, MASSPOWER has failed to (i) provide notice that it has obtained any necessary consents or approvals as may be required pursuant to MASSPOWER's financing and security documents, in form and substance satisfactory to MASSPOWER, (ii) provide notice of termination of this Agreement pursuant to Section 7.3.3, or (iii) provide notice of waiver of its precondition to performance set forth in Section 2.2(a) pursuant to Section 7.3.3. BECO and Commonwealth's right of termination under this Section 7.2.3 may be exercised by giving notice to MASSPOWER no earlier than twenty-three (23) days after issuance of the Financing Order and, in the event of issuance of any rulings on remand, appeal or rehearing pertaining to the Financing Order, no earlier than twenty-three (23) days after their issuance. Upon receipt of such termination notice by MASSPOWER, this Agreement shall terminate and be of no further effect except for provisions that expressly survive termination.

7.2.4 **Acceptance**. Failure to give notice within the periods specified under this section shall be deemed acceptance by BECO and Commonwealth of the respective orders and approvals.

7.3 **Termination by MASSPOWER.** MASSPOWER may terminate this Agreement as follows:

7.3.1 **MASSPOWER's Regulatory Approvals.** MASSPOWER may terminate this Agreement by providing written notice to BECO and Commonwealth that the terms of the MASSPOWER's Regulatory Approvals, or subsequent decisions by the applicable regulatory agencies regarding such Regulatory Approvals on remand, appeal or rehearing, are not satisfactory to MASSPOWER. Such written notice must be given to BECO and Commonwealth by MASSPOWER within ten (10) business days, or sooner if commercially reasonable, after receipt of each of MASSPOWER's Regulatory Approvals, including any rulings on any remand, appeal or rehearing thereof, unless such period is extended in writing by BECO and Commonwealth. Upon receipt of such notice by BECO and Commonwealth, this Agreement shall be terminated and of no further effect except for provisions that expressly survive termination.

7.3.2 **TAO and Financing Order**. MASSPOWER may terminate this Agreement on written notice to BECO and Commonwealth that, in the sole judgment of MASSPOWER, the terms of the TAO or Financing Order, or subsequent decisions of the DTE regarding such orders on remand, appeal or rehearing, create or impose on MASSPOWER, or on any of the participants in the Joint Venture (as defined in Section 11.11), a material obligation, condition or limitation other than those expressly agreed to by MASSPOWER in this Agreement. Such written notice must be given to BECO and Commonwealth within ten (10) business days, or sooner if commercially reasonable, after receipt of each such order, including any rulings on remand, appeal or rehearing thereof, unless such period is extended in writing by BECO and Commonwealth. Upon receipt of such notice by BECO and Commonwealth, this Agreement shall terminate and be of no further effect except for provisions that expressly survive termination.

7.3.3 **Financing Authorizations.** If not later than twenty (20) days after issuance of the Financing Order and, in the event of issuance of any rulings on remand, appeal or rehearing pertaining to the Financing Order, not later than twenty (20) days after their issuance, and notwithstanding its commercially reasonable efforts, MASSPOWER has been unable to obtain any necessary consents or approvals as may be required pursuant to MASSPOWER's financing and security documents in form and substance satisfactory to MASSPOWER, MASSPOWER may either (i) waive its precondition to performance set forth in Section 2.2(a) with the written approval of its lenders or (ii) terminate this Agreement under this Section 7.3.3. MASSPOWER's notice of waiver of its precondition under Section 2.2(a) or its notice of termination shall be given to BECO and Commonwealth not later than twenty (20) days after issuance of the Financing Order and, in the event of issuance of any rulings on remand, appeal or rehearing pertaining to the Financing Order, not later than twenty (20) days after their issuance. Upon receipt by BECO and Commonwealth of MASSPOWER's notice of termination under this Section 7.3.3, this Agreement shall terminate and be of no further effect except for provisions that expressly survive termination. Upon receipt by BECO and Commonwealth of MASSPOWER's notice of waiver of its precondition to performance set forth in Section 2.2(a), BECO's and Commonwealth's right of termination pursuant to Section 7.2.3 of this Agreement shall be null and void.

7.3.4 **Acceptance**. Failure to give notice within the periods specified under this section shall be deemed acceptance by MASSPOWER of the respective orders and approvals.

8. Representations and Warranties.

8.1 **BECO's Representations and Warranties.** BECO represents and warrants to MASSPOWER that:

8.1.1 Subject to satisfaction of the preconditions set forth in Section 2.1 hereof, it has all requisite power and authority (including full corporate power and legal authority) to execute and deliver this Agreement and to perform its obligations hereunder;

8.1.2 Subject to satisfaction of the preconditions set forth in Section 2.1 hereof, all necessary action has been taken to authorize the execution, delivery and performance by BECO of this Agreement and this Agreement constitutes the valid, legal, and binding commitment of BECO and is fully enforceable against BECO in accordance with the terms hereof;

8.1.3 Subject to satisfaction of the preconditions set forth in Section 2.1 hereof, BECO's execution, delivery, and performance of this Agreement have been duly authorized by or are in accordance with its corporate charter, bylaws, and other organizational documents and constitutes BECO's legal, valid, and binding obligation;

8.1.4 The person executing this Agreement is duly authorized to do so by BECO's governing body;

8.1.5 There is no action, suit or proceeding, at law or in equity, nor is there any official investigation pending or, to the best of BECO's knowledge, threatened against BECO wherein an unfavorable decision, ruling or finding would adversely affect the performance by BECO of its obligations hereunder or that, in any way, calls into question or may adversely and materially affect the validity or enforceability of this Agreement;

8.1.6 Subject to satisfaction of the preconditions set forth in Section 2.1 hereof, neither the execution or delivery of this Agreement nor performance by BECO of the transactions contemplated hereby will: (1) conflict with or violate any provision of BECO's corporate charter or bylaws; or (2) conflict with, violate or result in a breach of any duty under any applicable constitution, law, judgment, regulation, or order of any governmental authority;

8.1.7 Except for said BECO/Commonwealth Approvals, no approval, authorization, order or consent of, or declaration, registration or filing with any governmental authority is required for the valid execution, delivery and performance of this Agreement by BECO; and

8.1.8 Subject to satisfaction of the preconditions set forth in Section 2.1 hereof, BECO's execution, delivery and performance of this Agreement will not result in a breach or violation of, or constitute a default under, any agreement, lease, or instrument to which it is a party or by which it is bound as of the date hereof.

8.2 **<u>Commonwealth's Representations and Warranties</u>.** Commonwealth represents and warrants to MASSPOWER that:

8.2.1 Subject to satisfaction of the preconditions set forth in Section 2.1 hereof, it has all requisite power and authority (including full corporate power and legal authority) to execute and deliver this Agreement and to perform its obligations hereunder;

8.2.2 Subject to satisfaction of the preconditions set forth in Section 2.1 hereof, all necessary action has been taken to authorize the execution, delivery and performance by Commonwealth of this Agreement and this Agreement constitutes the valid, legal, and binding commitment of Commonwealth and is fully enforceable against Commonwealth in accordance with the terms hereof;

8.2.3 Subject to satisfaction of the preconditions set forth in Section 2.1 hereof, Commonwealth's execution, delivery, and performance of this Agreement have been duly authorized by or are in accordance with its corporate charter, bylaws, and other organizational documents and constitutes Commonwealth's legal, valid, and binding obligation;

8.2.4 The person executing this Agreement is duly authorized to do so by Commonwealth's governing body;

8.2.5 There is no action, suit or proceeding, at law or in equity, nor is there any official investigation pending or, to the best of Commonwealth's knowledge, threatened against Commonwealth wherein an unfavorable decision, ruling or finding would adversely affect the performance by Commonwealth of its obligations hereunder or that, in any way, calls into question or may adversely and materially affect the validity or enforceability of this Agreement;

8.2.6 Subject to satisfaction of the preconditions set forth in Section 2.1 hereof, neither the execution or delivery of this Agreement nor performance by Commonwealth of the transactions contemplated hereby will: (1) conflict with or violate any provision of Commonwealth's corporate charter or bylaws; or (2) conflict with, violate or result in a breach of any duty under any applicable constitution, law, judgment, regulation, or order of any governmental authority;

8.2.7 Except for said BECO/ Commonwealth Approvals, no approval, authorization, order or consent of, or declaration, registration or filing with any governmental authority is required for the valid execution, delivery and performance of this Agreement by Commonwealth; and

8.2.8 Subject to satisfaction of the preconditions set forth in Section 2.1 hereof, Commonwealth's execution, delivery and performance of this Agreement will not result in a breach or violation of, or constitute a default under, any agreement, lease, or instrument to which it is a party or by which it is bound as of the date hereof.

8.3 **MASSPOWER's Representations and Warranties.** MASSPOWER represents and warrants to BECO and Commonwealth that:

8.3.1 Subject to satisfaction of the preconditions set forth in Section 2.2 hereof, it has all requisite power and authority (including full joint venture power and legal authority) to execute and deliver this Agreement, and to perform its obligations hereunder;

8.3.2 Subject to satisfaction of the preconditions set forth in Section 2.2 hereof, all necessary action has been taken to authorize the execution, delivery and performance by MASSPOWER of this Agreement and this Agreement constitutes the valid, legal, and binding commitment of

MASSPOWER and is fully enforceable against MASSPOWER in accordance with the terms hereof;

8.3.3 Subject to satisfaction of the preconditions set forth in Section 2.2 hereof, MASSPOWER's execution, delivery, and performance of this Agreement have been duly authorized by or are in accordance with its joint venture agreement and other organizational documents and constitutes MASSPOWER's legal, valid, and binding obligation;

8.3.4 The person executing this Agreement is duly authorized to do so by a vote of MASSPOWER's Management Committee as evidenced by a Certificate of the Secretary of the Administrative Agent to be provided to BECO and Commonwealth on the Execution Date;

8.3.5 There is no action, suit or proceeding, at law or in equity, nor is there any official investigation pending or, to the best of MASSPOWER's knowledge, threatened against MASSPOWER wherein an unfavorable decision, ruling or finding would adversely affect the performance by MASSPOWER of its obligations hereunder or that, in any way, calls into question or may adversely and materially affect the validity or enforceability of this Agreement;

8.3.6 Subject to satisfaction of the preconditions set forth in Section 2.2 hereof, neither the execution or delivery of this Agreement nor performance by MASSPOWER of the transactions contemplated hereby will: (1) conflict with or violate any provision of MASSPOWER's joint venture agreement; or (2) conflict with, violate or result in a breach of any duty under any applicable constitution, law, judgment, regulation, or order of any governmental authority;

8.3.7 Subject to satisfaction of the preconditions set forth in Section 2.2 hereof, no approval, authorization, order or consent of, or declaration, registration or filing with any governmental authority is required for the valid execution, delivery and performance of this Agreement by MASSPOWER; and

8.3.8 Subject to satisfaction of the preconditions set forth in Section 2.2 hereof, MASSPOWER's execution, delivery and performance of this Agreement will not result in a breach or violation of, or constitute a default under, any agreement, lease, or instrument to which it is a party or by which it is bound as of the date hereof.

9. **Mutual Acknowledgment.** Each Party has conducted its own due diligence including, without limitation, the tax, legal and financial consequences thereof; has formed its own independent assessment of the acceptability of risks and benefits of participating in this Agreement; and has entered into this Agreement freely and voluntarily after an adequate opportunity to review the terms and conditions hereof. Each Party acknowledges that as part of the consideration of this Agreement and before executing this Agreement, (a) it has been fully informed of the terms, contents, conditions and effects; (b) in executing this Agreement and negotiating the terms thereof, it has had the opportunity for the benefit of the advice of attorneys of its own choosing, and (c) no promise or representation of any kind has been made by or to it except as is expressly stated in this Agreement.

10. **Confidentiality.** Each Party shall keep the amount of the Termination Payment and the other provisions of Section 4 confidential, and shall not disseminate such information to any person (other than on a confidential basis to its counsel, advisors, affiliates and lenders) or use the same for any purpose other than the consummation of the transactions contemplated hereunder unless: legally compelled by deposition, inquiry, request for documents, subpoena, civil investigative demand or similar process, or by order of a court, commission or tribunal of competent jurisdiction, provided the Party required to provide such disclosure so advises the other Parties as soon as practicable and seeks an appropriate protective order prior to disclosure; or in order to comply with applicable rules or requirements of any stock exchange, government department or agency or other regulatory authority, or by requirements of any securities law or regulation or other legal requirement. In furtherance of the foregoing, BECO and Commonwealth shall request confidential treatment of such information in filings containing same with the DTE. The mutual releases in Section 5 do not apply to the obligations created under this section and shall survive either the termination of this Agreement or the Termination Date.

11. **Miscellaneous.**

11.1 **No Waiver.** No failure on the part of any Party to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by any Party of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power.

11.2 **Severability.** In the event any provision of this Agreement that is not material shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision hereof.

11.3 **Entire Agreement; Amendment.** This Agreement contains the entire understanding of the Parties, supersedes all prior agreements and understandings relating to the subject matter hereof, and shall not be amended, modified or terminated except by a written instrument hereafter signed by all of the Parties hereto.

11.4 **Sections and Section Headings.** The headings of any of the sections and subsections are for reference only and shall not limit or control the meaning thereof.

11.5 **Governing Law.** The validity and construction of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts without application of principles of conflicts of laws.

11.6 **Binding Effect; Assignment.** All terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the Parties hereto. No Party shall have the right to assign this Agreement or any right or privilege hereunder without first obtaining the consent of the other Parties hereto, such consent not to be unreasonably withheld or delayed.

11.7 **Notices.** All notices, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given when received by the recipient specified in this section if delivered personally, by certified mail, return receipt requested, postage prepaid, or by overnight courier (e.g., FEDEX) to the following addresses, or to such other addresses as any party may specify by notice to the other parties given pursuant hereto:

If to MASSPOWER, to:

MASSPOWER
750 Worcester Street, P.O. Box 51877

Indian Orchard, MA 01151

Attention: General Manager

and

General Counsel
National Energy and Gas Transmission, Inc.
7600 Wisconsin Avenue
Bethesda, MD 20814-6161

If to BECO, to:

Boston Edison Company
One NSTAR Way
Westwood, MA 02090

Attention: Ellen K. Angley, Vice President Energy Supply and Transmission

If to Commonwealth, to:

Commonwealth Electric Company
One NSTAR Way
Westwood, MA 02090

Attention: Ellen K. Angley, Vice President Energy Supply and Transmission

11.8 **__Counterparts__.** This Agreement and any amendment hereof may be executed in several counterparts and by each Party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

11.9 **__Expenses__.** Each Party shall bear all of its own costs and expenses incurred by it to consummate this Agreement, including, without limitation, fees and expenses of their respective counsel, accountants and investment advisors. Notwithstanding the foregoing, if a court determines that a Party has failed to perform its obligations herein, then the prevailing Party shall be entitled to recover reasonable attorneys' fees, court costs and other reasonable expenses incurred in the enforcement or attempted enforcement of the applicable rights and obligations set forth in this Agreement or in a successful claim for damages or equitable relief based on any breach of this Agreement.

11.10 **Remedies**. Each Party acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each Party agrees that the other Party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in addition to any other remedy to which it may be entitled, at law or in equity. In any event, no Party shall have any liability to the other Party for special, incidental, indirect or consequential damages for any matter whatsoever associated with the activities covered by this Agreement.

11.11 **Non-Recourse.** In connection with any claim arising under or relating to the performance of this Agreement, BECO and Commonwealth understand that MASSPOWER is a joint venture organized as a general partnership under the laws of the Commonwealth of Massachusetts (the "Joint Venture") and agree that (i) BECO and Commonwealth shall have no recourse under this Agreement against any participant in the Joint Venture and its sole recourse under this Agreement shall be against the Joint Venture assets, irrespective of any failure to comply with applicable law or any provision of this Agreement; (ii) no claim shall be made against any participants in the Joint Venture in connection with this Agreement, except that the participants may be joined as nominal parties for the purpose of enforcing BECO and Commonwealth's rights hereunder; and (iii) BECO and Commonwealth shall have no right to any claim against the Joint Venture for any capital contributions from any participants in the Joint Venture.

11.12 **No Third Party Beneficiaries.** Nothing in this Agreement, express or implied, is intended to confer on any person other than as contemplated under the releases in Section 5 any rights or remedies under or by virtue of this Agreement or to operate as a release with respect to such person, and no person shall have or assert any rights as a third party beneficiary hereunder.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties hereto have caused this Agreement to be duly executed as an instrument under seal by their respective duly authorized officers or partners as of the date and year first above written.

MASSPOWER

By: J. Makowski Services Inc.
Its Project Management Firm

By: ______________________
F. Joseph Feyder
Vice President

BOSTON EDISON COMPANY

By: ______________________
Ellen K. Angley
Vice President, Energy Supply and Transmission

COMMONWEALTH ELECTRIC COMPANY

By: ______________________
Ellen K. Angley
Vice President, Energy Supply and Transmission

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Petition of Boston Edison Company and Commonwealth Electric Company for Approvals Relating to the Renegotiation of Purchase Power Agreements with MASSPOWER	)	D.T.E. 04-61

MOTION OF BOSTON EDISON COMPANY AND COMMONWEALTH ELECTRIC COMPANY FOR A PROTECTIVE ORDER

I. INTRODUCTION

On this date, Boston Edison Company ("Boston") and Commonwealth Electric Company ("Commonwealth," together, the "Companies") filed with the Department of Telecommunications and Energy (the "Department") a Petition (the "Petition") for Approvals Relating to Termination of Purchase Power Agreements (the "PPAs"). The Petition seeks approval by the Department, pursuant to G.L. c. 164, §§ 1A, 1G, 76, 94, and 94A, of (a) the Termination Agreement the Companies and MASSPOWER (collectively, the "MASSPOWER Termination Agreement"); and (b) approval of ratemaking treatment relating to the MASSPOWER Termination Agreement.

As part of the Companies' filing, the Companies have submitted exhibits that, in part, include information regarding the Companies' projections of future energy prices and their forecasts of payments to be made pursuant to existing PPAs with MASSPOWER and PPAs with other parties. Exhibit NSTAR-BEC-GOL-3, pages 6 through 8, Exhibit NSTAR-BEC-GOL-4, pages 6 through 8, Exhibit NSTAR-COM-GOL-3, pages 13 through 15, Exhibit NSTAR-COM-GOL-4, pages 13 through 16, and

Exhibit NSTAR-RBH-6, pages 2 through 6 contain proprietary, confidential and sensitive competitive information regarding: (1) the Companies' projections regarding the future market price of power; and (2) projections regarding the future costs of the Companies' existing PPAs. In addition, in accordance with section 10 of the MASSPOWER Termination Agreement, the parties agreed that the amount to be paid to MASSPOWER and other provisions in section 4 of the MASSPOWER Termination Agreement are to be kept confidential because they are competitively sensitive. Their disclosure would compromise NSTAR Electric's ability to negotiate additional PPA termination agreements and would undermine MASSPOWER's ability to consummate this transaction as described in more detail below. Because certain exhibits (or portions thereof) would disclose this confidential information, NSTAR Electric also requests confidential treatment for the following documents: Exhibit NSTAR-GOL-2, Exhibit NSTAR-BEC-GOL-4, page 4, Exhibit NSTAR-COM-GOL-4, page 4, Exhibit NSTAR-RBH-5, and Exhibit NSTAR-RBH-6. For the reasons set forth below, the Companies seek a protective order from the Department to prohibit public disclosure of this proprietary, confidential and sensitive competitive information (the "Confidential Documents").

II. LEGAL STANDARD

Confidential information may be protected from public disclosure in accordance with G.L. c. 25, § 5D, which states in part that:

> The [D]epartment may protect from public disclosure, trade secrets, confidential, competitively sensitive or other proprietary information provided in the course of proceedings conducted pursuant to this chapter. There shall be a presumption that the information for which such protection is sought is public information and the burden shall be on the

> proponent of such protection to prove the need for such protection. Where the need has been found to exist, the [D]epartment shall protect only so much of the information as is necessary to meet such need.

In interpreting the statute, the Department has held that:

> . . . [T]he burden on the company is to establish the need for protection of the information cited by the company. In determining the existence and extent of such need, the Department must consider the presumption in favor of disclosure and the specific reasons why disclosure of the disputed information benefits the public interest.

The Berkshire Gas Company et al., D.P.U. 93-187/188/189/190, at 16 (1994) as cited in Hearing Officers Ruling On the Motion of Boston Gas Company for Confidentiality, D.P.U. 96-50, at 4 (1996).

In practice, the Department has often exercised its authority to protect sensitive market information. For example, the Department has determined specifically that competitively sensitive information, such as price terms, are subject to protective status:

> The Department will continue to accord protective status when the proponent carries its burden of proof by indicating the manner in which the price term is competitively sensitive. Proponents generally will face a more difficult task of overcoming the statutory presumption against the disclosure of other terms, such as the identity of the customer.

Standard of Review for Electric Contracts, D.P.U. 96-39, at 2, Letter Order (August 30, 1996). See also Colonial Gas Company, D.P.U. 96-18, at 4 (1996) (the Department determined that price terms were protected in gas supply contracts and allowed Colonial Gas Company's request to protect pricing information including all "reservation fees or charges, demand charges, commodity charges and other pricing information").

Moreover, the Department has recognized that competitively sensitive terms in a competitive market should be protected and that such protection is desirable as a matter of public policy:

> The Department recognizes that the replacement gas purchases . . . are being made in a substantially competitive market with a wide field of potential suppliers. This competitive market should allow LDC's to obtain lower gas prices for the benefit of their ratepayers. Clearly the Department should ensure that its review process does not undermine the LDC's efforts to negotiate low cost flexible supply contracts for their systems. The Department also recognizes that a policy of affording contract confidentiality may add value to contracts and provide benefits to ultimate consumers of gas, the LDC's ratepayers, and therefore may be desirable for policy reasons.

The Berkshire Gas Company et al., D.P.U 93-187/188/189/190, at 20 (1994).

III. THE CONFIDENTIAL DOCUMENTS ARE PROPRIETARY, CONFIDENTIAL AND SENSITIVE AND WARRANT PROTECTION FROM PUBLIC DISCLOSURE

The Companies request confidential treatment of information relating to the Companies' projections of the market value of their existing PPAs and the projected costs to be incurred in future years for PPAs other than the MASSPOWER PPAs. The Confidential Documents contain the Companies' projections[1] of: (1) the annual dollars to be paid under each of their existing PPAs; (2) the Companies' projections relating to market prices of the electricity delivered under each of their existing PPAs; and (3) the projections of the annual above-market value of each of their existing PPAs. Most of the projections are derived from information in Exhibit NSTAR-RBH-6, which contains: (1) the Companies' projections of the market prices of energy (Pages 5-6); and (2) the Companies' detailed calculations of their projected costs of the existing MASSPOWER PPAs, which are based on such market-price projections (Pages 2-4).

The Companies are seeking protected treatment for these Confidential Documents for several reasons. First, the market forecast data is considered proprietary by the

[1] In some cases, the projections are not directly set forth, but can be computed with the data included in the page.

company that produced it, and was provided to the Companies pursuant to a confidentiality agreement. More importantly, however, these projections must be protected from public disclosure because the Companies use this information to evaluate other PPA mitigation proposals. The Companies, as well as Cambridge Electric Light Company, have not yet completed the divestiture of all of their existing PPAs and are in active negotiations with other parties. If other parties had access to the details of the Companies' updated projections and assumptions regarding future energy prices and the value of their existing PPAs, the Companies' ability to negotiate the best deals possible on behalf of customers would be compromised. In fact, public release of the information in the Confidential Documents will disclose the very types of information that the Department has previously and consistently held to be confidential because the release of such information would "seriously undermine" the Companies' negotiating position and thus, result in customers not realizing the maximum amount of mitigation. Western Massachusetts Electric Company, D.T.E. 99-101, at 3 (2000), citing Boston Edison Company, D.T.E. 99-16 (1999); Western Massachusetts Electric Company, D.T.E. 99-56 (1999). See also Canal Electric Company/Cambridge Electric Light Company/Commonwealth Electric Company, D.T.E. 02-34 (Tr. A at 19 (June 12, 2002)) and Cambridge Electric Light Company, D.T.E. 01-94 (May 9, 2002 Approval by the Department of Amended Motion of Cambridge Electric Light Company for a Protective Order). Similarly, the Department has explicitly acknowledged the potential harm to the purchasing utility from the disclosure of Termination Payment terms: ". . . protection from public disclosure of a buyout amount is appropriate since that information is an indication of a company's forecast of market prices for power, projected market electricity prices, capacity factors and discount rates." Western Massachusetts Electric Company, D.T.E. 99-101, at 3 (2000), citing Boston Edison Company, D.T.E. 99-16 (1999); Western Massachusetts Electric Company, D.T.E. 99-56 (1999). The Department has found this to be particularly important where, as here, the PPA buyout at issue is but one of many that the utility is seeking to terminate or restructure:

> The PPA at issue here is but one of several that WMECo may negotiate. Disclosing the results here would permit future negotiating opponents to make inferences about WMECo's confidential negotiating strategy. Given the confidential nature of this competitively sensitive material, the Department finds that public disclosure of this buyout amount could prove detrimental to WMECo, because it might seriously undermine the Company's ability to maximize mitigation efforts and substantially harm WMECo's negotiating position for other PPAs.
>
> Id.

In addition, as described in the attached Affidavit of Jeffrey W. Bentz, the General Manager of MASSPOWER, disclosure of the information in Section 4 of the Termination Agreement would adversely affect MASSPOWER's ability to facilitate this transaction by negotiating restructurings of other contracts, which currently support the operation of MASSPOWER. If counterparties to those supply contracts have access to the specific pricing terms of this Termination Agreement, it would significantly impair MASSPOWER's negotiating position. Affidavit of Jeffrey W. Bentz at ¶ 7.

Accordingly, both the information and the Companies' strategic use of the information presented Confidential Documents should be protected from public disclosure through the issuance of a protective order because the information is proprietary, confidential and competitively sensitive. The disclosure of this sensitive information would undermine the Companies' ability to maximize mitigation efforts, which inures to the benefit of the Companies' customers. The Department has protected similar information relating to analyses of the benefits of restructured or terminated PPAs submitted in previous proceedings. Therefore, the Companies request that the Department protect the market price and related analysis in the Confidential Documents from public disclosure, consistent with G.L. c. 25, § 5 and Department precedent.

IV. CONCLUSION

The Companies respectfully request that Confidential Documents be held confidential, not be placed in the public docket and be disclosed only to the Department. Parties to the case may request to review the exhibits, subject to the terms of a mutually agreed Non-Disclosure Agreement. This approach will allow the Department and parties to the proceeding to review the Companies' analysis of the MASSPOWER Termination Agreement while ensuring that proprietary, confidential and sensitive information will remain confidential.

WHEREFORE, for the reasons set forth herein, the Companies respectfully request that the Department allow the Companies' Motion for a Protective Order.

Respectfully submitted,

BOSTON EDISON COMPANY
COMMONWEALTH ELECTRIC COMPANY

By Their Attorneys,

Robert N. Werlin, Esq.
John K. Habib, Esq.
Keegan, Werlin & Pabian, LLP
265 Franklin Street
Boston, Massachusetts 02110
(617) 951-1400 (telephone)
(617) 951-1354 (facsimile)

Date: July 7, 2004

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Petition of Boston Edison Company and Commonwealth Electric Company for Approvals Related to the Renegotiation of Purchase Power Agreements with MASSPOWER	)))))	D.T.E. 04-61

AFFIDAVIT OF JEFFREY W. BENTZ

Jeffrey W. Bentz, being duly sworn, deposes and says as follows:

1. I am the General Manager of the MASSPOWER generating facility in Indian Orchard, Massachusetts, and have held that position for the last seven years. In this capacity, I am responsible for managing all aspects of the MASSPOWER facility including the negotiation and renegotiation of agreements pertaining to fuel supply, interconnection and other agreements necessary to sustain the operation of the facility.

2. Prior to assuming my present position, I was the Controller at MASSPOWER for four years, and prior to that I was a Senior Accountant with the national accounting firm, Arthur Anderson.

3. I have been directly involved in the negotiation of the Termination Agreement which is the subject of this docket.

4. The terms of Section 4 of the MASSPOWER Termination Agreement, including the amount of the Termination Payment, as well as the specifics of the other provisions of Section 4, are competitively sensitive confidential information that should be protected from public disclosure.

5. MASSPOWER entered into negotiations with Boston Edison Company ("BECO") and Commonwealth Electric Company ("Commonwealth") regarding the potential termination of the existing Power Purchase Agreements between MASSPOWER and those companies with the understanding that the negotiations and the economic terms of any agreement to terminate those agreements would be treated as confidential information and would not disclosed or otherwise disseminated to anyone except as required by law. Accordingly, under Section 10 of the MASSPOWER Termination Agreement BECO and Commonwealth agreed to request confidential treatment of this information by the Massachusetts Department of Telecommunications and Energy.

6. The terms in Section 4 of the MASSPOWER Termination Agreement are not, to the best of my knowledge, known beyond the parties to that Agreement and their respective attorneys and confidential advisors, and within each organization, are known only to a very limited number of employees.

7. Disclosure of the terms of Section 4 of the MASSPOWER Termination Agreement could be extremely detrimental to MASSPOWER's ability to renegotiate or terminate other contracts that currently support the operation of the facility. Such renegotiations or terminations are likely to be necessary to facilitate this termination transaction.

8. Disclosure of terms of Section 4 of the MASSPOWER Termination Agreement would be detrimental to future potential buyout efforts of BECO and Commonwealth because if counterparties to Power Purchase Agreements know that the economic terms of termination agreements will be publicly disclosed, they will be reluctant to enter into such agreements or will only reach such agreements after having first finalized agreements to terminate all of their other contractual obligations or commitments related to the Purchase Power Agreement to be terminated.

Signed under the pains and penalties of perjury this 6th day of July 2004.

Jeffrey W. Bentz

BOSTON EDISON COMPANY
COMMONWEALTH ELECTRIC COMPANY
d/b/a NSTAR ELECTRIC

Direct Testimony of Geoffrey O. Lubbock on MASSPOWER Terminations

Exhibit NSTAR-GOL

D.T.E. 04-61

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Geoffrey O. Lubbock. My business address is One NSTAR Way, Westwood, Massachusetts, 02090.

Q. By whom are you employed and in what capacity?

A. I am employed by NSTAR Electric & Gas Corporation ("NSTAR E&G") as Vice President, Financial Strategic Planning & Policy. In my current position, I am responsible for a broad range of regulatory and financial planning responsibilities for Boston Edison Company ("Boston Edison"), Cambridge Electric Light Company ("Cambridge"), Commonwealth Electric Company ("Commonwealth") (collectively, "NSTAR Electric") and NSTAR Gas Company.

Q. Please describe your education and professional background.

A. I have a Bachelor and Master of Arts from Cambridge University and a Masters Degree in Business from the London Graduate School of Business. I joined Boston Edison Company ("Boston Edison") in 1988 as Manager of Revenue Requirements. In 1991, I became Manager of Revenue Requirements and Financial Planning. In 1993, I became Manager of Energy Research Planning and Forecasting. In 1995, I became Manager of Corporate Service Commitments and in 1997, I became Director of Generation Divestiture. I assumed my current position in July 1998. Prior to Boston Edison, I was with the Cabot Corporation, Exxon Corporation and Citibank.

Q. Have you previously testified in any formal hearings before regulatory bodies?

A. Yes, on a number of occasions. I testified before the Department of Telecommunications and Energy (the "Department") to support Boston Edison's Restructuring Settlement Agreement in D.P.U./D.T.E. 96-23 and in connection with approval of the divestiture of Boston Edison's fossil generation assets in D.T.E. 97-113. I have also testified before the Department on behalf of Boston Edison in connection with the approval of its sale of the Pilgrim Nuclear Power Station to Entergy Nuclear Generation Company in D.T.E. 98-119.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to support the Petition for Approval of the agreements to terminate the existing purchase power agreements ("PPAs") of Boston Edison and Commonwealth with MASSPOWER. In particular, I will describe the financial impact of the transaction, including the effect of the transaction on customer rates. In addition, I will demonstrate that the proposed transaction satisfies NSTAR Electric's obligation to mitigate its PPA-related stranded costs pursuant to the Electric Industry Restructuring Act, which is Chapter 164 of the Acts of 1997 (the "Act"), Boston Edison's Restructuring

Settlement, as approved in D.P.U./D.T.E. 96-23, and Commonwealth's Restructuring Plan as approved in D.P.U./D.T.E. 97-111. To accomplish this, I will: (1) summarize the filing; (2) describe the divestiture requirements of the Act; (3) describe NSTAR Electric's efforts since the Act to divest its PPAs, including its 2003 Auction (the "2003 Auction"); and (4) support the request for approval of the agreement dated June 8, 2004 with MASSPOWER for the termination of the Existing PPAs (the "MASSPOWER Termination Agreement") and associated ratemaking treatment of the related costs.

Q. Is NSTAR Electric submitting the testimony of other witnesses in this proceeding?

A. Yes. In addition to my own testimony, NSTAR Electric is sponsoring the testimony of Robert B. Hevert, President of Concentric Energy Advisors, Inc. ("CEA"), to provide details regarding the auction process and the auction results.

Q. How is the remainder of your testimony organized?

A. Section II outlines the divestiture provisions of the Act and the Department's Standard of Review for reviewing proposals to mitigate transition costs through contract modifications. Section III describes NSTAR Electric's efforts to divest its PPAs, including the 2003 Auction for the sale or transfer of NSTAR Electric's rights to 24 PPAs. Section IV describes the MASSPOWER Termination Agreement, a demonstration that they will achieve significant mitigation of transition costs and savings for customers, and the ratemaking treatment requested for the costs to be incurred under the MASSPOWER Termination Agreement.

Q. Please describe the exhibits attached to your testimony.

A.

NSTAR-GOL-1	A single-page document that lists the PPAs that were included in the 2003 Auction.
NSTAR-GOL-2	A multi-page document that computes the projected amounts associated with the MASSPOWER Termination Agreement that are to be securitized.
NSTAR-BEC-GOL-1	A copy of the existing PPA between Boston Edison and MASSPOWER.
NSTAR-BEC-GOL-2	A single-page document summarizing the total Boston Edison customer savings produced by the MASSPOWER Termination Agreement.
NSTAR-BEC-GOL-3	A multi-page document that details the forecasted Boston Edison Transition Charges in the absence of the MASSPOWER Termination Agreement.
NSTAR-BEC-GOL-4	A multi-page document that details the forecasted Boston Edison Transition Charges after approval of the MASSPOWER Termination Agreement and associated ratemaking treatment.
NSTAR-COM-GOL-1	A copy of the existing PPAs between Commonwealth and MASSPOWER.
NSTAR-COM-GOL-2	A single-page document summarizing the total Commonwealth customer savings produced by the MASSPOWER Termination Agreement.
NSTAR-COM-GOL-3	A multi-page document that details the forecasted Commonwealth Transition Charges in the absence of the MASSPOWER Termination Agreement.

NSTAR-COM-GOL-4	A multi-page document that details the forecasted Commonwealth Transition Charges after approval of the MASSPOWER Termination Agreement and associated ratemaking treatment.

II. DIVESTITURE REQUIREMENTS

Q. Please describe the divestiture requirements of the Act for PPA buyouts and renegotiations.

A. The Act, as codified in G.L. c. 164, § 1 et seq., requires electric companies to seek to mitigate transition costs, including, as one mitigation method, the renegotiation of above-market power purchase contracts. G.L. c. 164, § 1G(d)(1) and (2). The Act further provides that, if a contract renegotiation, buy-out or buy-down is likely to achieve savings to customers and is otherwise in the public interest, the Department is authorized to approve the recovery of the costs associated with the contract restructuring. G.L. c. 164, § 1G(b)(1)(iv).

Q. Please describe how NSTAR Electric's Restructuring Settlement and Restructuring Plan address PPA buyouts or renegotiations.

A. Consistent with the Act, Boston Edison's Restructuring Settlement Agreement (the "Settlement Agreement"), approved by the Department in Boston Edison Company, D.P.U./D.T.E. 96-23, requires Boston Edison to mitigate its transition costs by "endeavor[ing] to sell, assign or otherwise dispose of its purchased power contracts on terms that will assign ongoing contract payments to a nonaffiliated third party" (Settlement Agreement at §V.C.3.(a)). The Department found that the Settlement Agreement's provisions regarding mitigation were consistent with or substantially complied with the Act.

Also consistent with the Act, Commonwealth's Electric Restructuring Plan (the "Restructuring Plan"), approved by the Department in Cambridge Electric Light Company/Canal Electric Company/Commonwealth Electric Company, D.P.U./D.T.E. 97-111, requires that Commonwealth undertake all reasonable steps to mitigate its transition costs and encourages the company to divest its non-nuclear generating assets. The Department has previously found that Commonwealth is committed to full mitigation of its transition costs, "principally by auctioning off…PPAs and generating plants" in compliance with the Act. D.P.U./D.T.E. 97-111, at 64. In this case, NSTAR Electric has presented the results of its 2003 Auction, and is requesting that the Department review the results of the auction process to ensure its compliance with the Act and applicable precedent in Massachusetts.

III. NSTAR ELECTRIC'S DIVESTITURE EFFORTS

Q. Please explain NSTAR Electric's efforts to divest its PPAs.

A. Boston Edison, Commonwealth and Cambridge have attempted to divest or renegotiate their respective PPAs since the enactment of the Act. Boston Edison discussed its mitigation efforts in three mitigation reports filed with the Department (see Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company, D.T.E. 00-70 (Mitigation Report of NSTAR Electric (January 19, 2001)); Department Investigation of Power Purchase Agreement Mitigation, D.T.E. 99-62 (August 24, 1999 Mitigation Report of Boston Edison Company); Department Investigation of Power Purchase Agreement Mitigation, D.T.E. 98-62 (July 30, 1998 Mitigation Report of Boston Edison Company)). In addition, Boston Edison submitted a PPA Divestiture Plan to the Department in June 1998, which provided for a combination of continued bilateral negotiations with the PPA sellers and an auction process to assign the rights to the PPA entitlements to be conducted in 1999.

Cambridge and Commonwealth's mitigation efforts were included in D.T.E. 00-70 (Mitigation Report of NSTAR Electric), referenced above, and also mitigation reports filed in D.T.E. 99-62 (on August 23, 1999) and in D.T.E. 98-62 (on July 31, 1998). Cambridge and Commonwealth, with the assistance of the Investment Firm Goldman Sachs, attempted to divest their entitlements through a separate entitlement auction held with their 1998 auction to divest generation assets. Neither of these auctions resulted in the transfer to third parties of the rights and obligations under the PPAs since the bids would not provide mitigation benefits to customers. However, NSTAR Electric has successfully bought out, bought down or otherwise renegotiated contractual obligations with individual suppliers in a way that has provided mitigation of transition costs for customers as enumerated below.

Q. Please describe NSTAR Electric's 1999 Joint Auction of PPAs.

A. After the 1999 merger that created NSTAR, NSTAR Electric, with the assistance of Navigant Consulting, initiated a joint auction that included all of their remaining power contracts, as well as the supply of its Standard Offer load. The joint auction commenced in September 1999. The solicitation process included obtaining competitive bids for NSTAR Electric's interests in 29 separate PPAs totaling approximately 2,000 MW of capacity and associated energy. NSTAR Electric anticipated that it either would directly assign the PPAs to the winning bidder(s) or, where contracts were not readily assignable, enter into a back-to-back arrangement, thus effectively transferring all rights and obligations under the PPAs to the winning bidder(s) for the remaining term of the PPAs.

In parallel with the PPA auction, NSTAR Electric solicited offers for power necessary to meet certain of its Standard Offer Service obligation to retail customers. Although the PPA and Standard Offer Service load competitive bidding processes were conducted simultaneously, they were not contingent upon one another. To optimize the flexibility of the offering, NSTAR Electric solicited bids for: (1) all PPAs, any individual PPA, or any combination of PPAs; and/or (2) all Standard Offer Service load or increments of Standard Offer Service load. The intent of this design was to maximize the value of the solicitation process.

The financial evaluation of the preliminary bids did not yield evidence of any mitigation for NSTAR Electric's customers. Analysis showed that most bidders required a significant premium over the estimated cost of the PPAs. Ultimately, NSTAR Electric determined that it would not be in the best interests of its customers to enter into a transaction as a result of the solicitation process.

Q. Prior to the 2003 Auction, was NSTAR Electric successful in buying out of or renegotiating individual PPAs?

A. Yes. NSTAR Electric has successfully renegotiated several PPAs with individual suppliers, thereby achieving significant mitigation of transition costs and savings for customers. The following PPAs have been renegotiated or bought-out since the passage of the Act:

- MBTA PPAs (amendments by Boston Edison);
- Plymouth Rock Energy Associates, L.P. (settlement of issues by Commonwealth);
- Pilgrim Nuclear Power Plant PPA (renegotiation by Commonwealth);
- L'Energia, Limited Partnership PPA (buy-out by Boston Edison);
- Lowell Cogeneration Company Limited Partnership PPA (buy-out by Commonwealth); and
- Southern PPA (renegotiation by Boston Edison, Cambridge and Commonwealth).

These mitigation efforts were detailed in the Mitigation Report of NSTAR Electric, January 19, 2001, at 32-42. In addition, since the date of that report NSTAR Electric has successfully completed the following PPA restructurings:

- Vermont Yankee PPA (Cambridge sale of plant and restructuring of power contract); and

- Seabrook Nuclear Power Station PPA (Canal Electric Company sale of plant and Cambridge and Commonwealth termination of power contract).

Q. Please describe NSTAR Electric's objective and scope of the 2003 Auction.

A. As described by Mr. Hevert, NSTAR Electric and CEA established a process that was equitable and structured to maximize the value of the mitigation of transition costs through a competitive auction that ensured the complete, uninhibited, non-discriminatory access to all data and information by any and all interested parties seeking to participate. The scope of the auction included NSTAR Electric's full portfolio of PPAs, as listed in Exhibit NSTAR-GOL-1.

Q. Does the MASSPOWER Termination Agreement represent the only successfully renegotiated PPA from the 2003 Auction?

A. No. As a result of the 2003 Auction, NSTAR Electric has finalized or is close to finalizing new agreements relating to several of NSTAR Electric's remaining PPAs that, if approved by the Department, will result in NSTAR Electric having mitigated the vast majority (in terms of both amount electric energy purchases and above-market costs) of PPAs that will continue to be in effect after March 1, 2005. NSTAR Electric intends to seek Department approval of any such contracts in separate filings.

IV. THE MASSPOWER TERMINATION AGREEMENT

Q. Please describe in general terms the key provisions of the MASSPOWER Termination Agreement.

A. The MASSPOWER Termination Agreement was negotiated by NSTAR Electric and MASSPOWER as a result of the 2003 Auction. As described in the testimony of Mr. Hevert, Boston Edison and Commonwealth collectively have three PPAs to purchase power from the MASSPOWER generating facility located in Indian Orchard, MA: (1) the Boston Edison/MASSPOWER PPA; (2) the Commonwealth/MASSPOWER 1 PPA ("MASSPOWER 1"); and (3) the Commonwealth/MASSPOWER 2 PPA ("MASSPOWER 2") (collectively, the "Existing PPAs"). The Indian Orchard unit is a gas-fired cogeneration facility consisting of two gas turbines and one steam turbine. The plant has a current summer capacity rating of 231.5 MW, and a winter capacity rating of 270 MW.

Boston Edison has a 44.3 percent entitlement in the output of the MASSPOWER facility, which is capped at 117 MW in the winter and 100 MW in the summer. The term of the Boston Edison/MASSPOWER PPA runs through December 31, 2013. The pricing provisions of the Boston Edison/MASSPOWER PPA for energy and capacity are based on predetermined fixed monthly prices indexed to fuel costs, the Gross National Product ("GNP"), and MASSPOWER facility performance.

Pursuant to each of the MASSPOWER 1 and MASSPOWER 2 PPAs with Commonwealth, Commonwealth has an 11.11 percent entitlement in the output of the MASSPOWER facility, or 29.67 MW in the winter and 25.45 MW in the summer. The pricing provisions of the PPAs for energy are based on a formula that includes variable elements for fuel charges and pipeline commodity rates. Capacity is priced at a predetermined level, based on monthly operating, wheeling and investment costs, all escalated by either the GNP or a predetermined percentage increase, and pipeline demand costs. The term of the MASSPOWER 1 PPA runs through July 31, 2008. The term of the MASSPOWER 2 PPA runs through July 31, 2013.

The MASSPOWER Termination Agreement extinguishes all obligations for Boston Edison and Commonwealth to purchase power under the PPAs. In return, Boston Edison and Commonwealth are together required to pay MASSPOWER a Termination Payment, if the Termination Date occurs on or prior to September 30, 2004. The Termination Payment shall be reduced for every day after September 30, 2004 through the earlier of the actual Termination Date, or April 1, 2005.

Q. What savings are derived from the MASSPOWER Termination Agreement?

A. Compared to the existing PPAs, the MASSPOWER Termination Agreement will result in approximately $67 million of savings to customers, on a net present value ("NPV") basis. The savings are determined by comparing the forecast Transition Charges to be paid by customers if the PPAs were to remain in effect with the Transition Charges to be paid by customers under the MASSPOWER Termination Agreement. Summaries of the comparison, the annual savings and the NPV savings calculation are shown on Exhibit NSTAR-BEC-GOL-2 and Exhibit NSTAR-COM-GOL-2.

Q. If the above-market costs of the PPAs are recovered through the Transition Charge, have you included exhibits relating to the revenues and costs associated with Standard Offer Service?

A. The electricity purchased through the PPAs is used to supply a portion of Boston Edison's and Commonwealth's obligation to provide their customers with Standard Offer Service. Thus, the imputed costs of the output of all PPAs used for Standard Offer Service, the so-called "transfer price," are used to compute the above-market costs of PPAs. If the MASSPOWER termination occurred before the expiration of Standard Offer Service, the transfer price would be affected by the termination of the existing MASSPOWER PPAs because the reduced purchases will change the costs incurred to provide Standard Offer Service. However, since because of the time needed to close a securitization transaction, the MASSPOWER termination will not occur after the end of Standard Offer Service on February 28, 2005. Therefore, there is no need to include exhibits that would compute the impact of the MASSPOWER terminations through the Standard Offer Service transfer prices.

Q. If the Existing PPAs were to remain in effect, how would customers pay the forecast Transition Charges?

A. Each year Boston Edison and Commonwealth file with the Department their latest forecast of Transition Costs to set the rates for the succeeding year. These were last filed in D.T.E. 03-117 and D.T.E. 03-118 respectively, and they were updated on March 1, 2004. Exhibit BEC-JFL-1 (supp) and Exhibit COM-JFL-1 (supp) are the most recent submissions to the Department of the annual Transition Charge as filed in that update. Exhibit NSTAR-BEC-GOL-3 and Exhibit NSTAR-COM-GOL-3 in this filing contain updated forecasts for Transition Costs based on actual results through May 2004 and CEA's purchased power forecasts thereafter. These two exhibits will provide the base case or status quo Transition Charge forecasts against which the changes resulting from the MASSPOWER Termination Agreements are measured.

Q. How are the Transition Charges to be paid by customers under the MASSPOWER Termination Agreements computed?

A. Exhibit NSTAR-BEC-GOL-4 and Exhibit NSTAR-COM-GOL-4 are in the same format as Exhibit NSTAR-BEC-GOL-3 and Exhibit NSTAR-COM-GOL-3, and compute Transition Charges with the costs incurred under the MASSPOWER Termination Agreements instead of the Existing PPAs (pages 6 through 8 for

Boston Edison and pages 13 through 15 for Commonwealth). These exhibits also include the effect on the mitigation incentive (page 5 for Boston Edison and page 16 for Commonwealth). The exhibits include consulting and legal costs incurred by NSTAR Electric for to conduct the 2003 Auction as part of the securitization calculation in Exhibit NSTAR-GOL-2. Because the consulting and legal costs will not be known with precision until after the approval process is complete, these items will be reconciled to actual costs in future transition cost reconciliation filings. This reconciliation may include allocations to other contracts as they are approved which may results in the transfer of costs between the various NSTAR Electric companies. We would plan to allocate the costs based on the savings by contract.

Q. How have you determined the impact of the securitization of the buyout payment to be made to MASSPOWER?

A. The projected annual payments to be made to repay the rate reduction bonds are listed on page 6 of Exhibit NSTAR-BEC-GOL-4 and page 13 of Exhibit NSTAR-COM-GOL-4. The payments are then carried forward in the exhibits to forecast the transition costs to be paid by customers. As described above, these amounts are compared with the amounts computed with the costs projected to be incurred under the existing MASSPOWER PPAs (Exhibit NSTAR-BEC-GOL-3 and Exhibit NSTAR-COM-GOL-3), customer savings are determined.

Q. How have you calculated the securitization payments?

A. It is first necessary to calculate the total amount to be securitized. The securitization amount is the present value of the Company's cash flow related to the buyout and securitization at the securitization rate. This calculation is shown in Exhibit NSTAR-GOL-2. Although final forecasts of the amount of the proposed securitization will be submitted in the separate securitization filing, I have provided the details of current securitization forecasts in this proceeding to support the calculation of customer benefits of the MASSPOWER Termination Agreement.

Q. How have you organized Exhibit NSTAR-GOL-2?

A. The exhibit consists of four sections: page 1 is a summary of the cash flows totaling the securitization amount; pages 2 through 4 show the monthly cash flows from the buyout and securitization; page 5 shows the limitation of tax deductibility for state and federal income taxes; and page 6 is a summary of the securitization payments which are then carried forward to the calculation of the customers' transition charge in Exhibit NSTAR-BEC-GOL-4 and Exhibit NSTAR-COM-GOL-4.

Q. Please explain the cash flow summary on page 1 of NSTAR-GOL-2.

A. The buyout amount is the amount to be paid under the MASSPOWER Termination Agreement. There is, in addition, a "make-whole" provision in the

Commonwealth debt covenants. The covenants with existing holders of Commonwealth debt, prohibit Commonwealth from issuing any debt that would have priority over the existing debt instruments. Because revenue reduction bonds issued under the securitization provisions of the Act would arguably have priority over existing debt, Commonwealth must either receive a release from each of its debt-holders or pay the "make-whole" amounts to retire the debt prematurely. Although Commonwealth will seek to obtain releases, it is likely that such releases will not be forthcoming or the releases may be unduly expensive. In such a case, Commonwealth will pay under the make-whole provisions, and these costs are included in the amounts to be securitized.

Q. Other than making it possible for Commonwealth's customers to receive the benefits of securitization, are there any other benefits that will accrue if the existing Commonwealth debt is retired?

A. Yes. In the event that the make-whole provision is paid, the restriction on combining Boston Edison and Commonwealth Energy will be eliminated allowing for potential accounting synergies and fewer regulatory filings. The operations of Boston Edison, Cambridge and Commonwealth have already been consolidated so that the operating synergies have already been attained. More-over, the make-whole payments are deductible immediately, and the tax benefits are included in the analysis of customer benefits.

Q. What are the "other costs" included in the amount to be securitized on page 1 of Exhibit NSTAR-GOL-2?

A. Other costs are the consultant costs in performing the PPA sale, legal costs in the preparation and conduct of the sale and the filings. These costs do not include internal NSTAR labor. Nor do these costs include issuance costs, which are deductible over the life of the securitization.

Q. How are the buyout, make-whole and other costs allocated between Boston Edison and Commonwealth?

A. The allocation is based on the relative share of above market costs represented by the existing MASSPOWER PPAs. This calculation is shown on page 6 of Exhibit NSTAR-GOL-2.

Q. What is the "tax shield" referenced on page 1 of Exhibit NSTAR-GOL-2?

A. The tax shield is the amount of tax savings accruing to the Company because of the buyout and make-whole expense (the income is "shielded" by applicable tax deductions). As shown page 1 of Exhibit NSTAR-GOL-2, the tax shield will be passed on to customers by reducing the amount that is securitized and subsequently paid by customers. Since the tax shield is based on deducting the expense from otherwise taxable income, it is limited by the available income. Because there will be insufficient income available in 2005 (the year the transaction will occur) to allow the Company to deduct its full tax-deductible expense for the buyout amount and other items described above, it will not receive the full potential tax benefit. This loss is somewhat offset by the ability to carry forward the expense for future deductions for federal tax purposes. There is no carry forward or carry back for state taxes, so a small portion of the state tax deductibility is lost, and therefore a reduced tax-shield benefit available to reduce the total amount to be securitized and paid by customers. The calculation of the tax shield is shown on page 5 of Exhibit NSTAR-GOL-2. This estimate of State Tax loss will be trued up through the transition change when the actual amount is known.

Q. Why is there a tax shield from the issuance cost on page 1 of Exhibit NSTAR-GOL-2?

A. The issuance cost for the securitization is not tax deductible in the year that it is incurred; rather, it is recoverable only over the life of the securitization. The Company pays out the issuance costs on the first day and recovers that cost in the securitization amount on the same day — thus the Company neither gains nor loses. However, the Company has the benefit of the tax deductibility of the amortization of the issuance cost over the life of the securitization and this benefit is flowed back to customers through columns F and G. On the other hand, the recovery of the principal portion of the securitization is taxable, and part of the principal recovery is recovery of the issuance cost (since it is included in the securitization amount). This tax is paid by the Company as calculated in Columns H and I and recovered from customers. Thus, the Company recovers the issuance cost it paid on day 1 and it provides customers with any cash flow benefit it receives as a result of the difference between expensing the amortization of issuance costs for tax purposes and the recovery of the issuance costs over the securitization period. The tax impact on the recovery of issuance costs from customers is already counted in the present value of the tax on the principal (columns H and I of pages 2 through 4, present valued on line 1 and carried to line 7 of page 1 of Exhibit NSTAR-GOL-2). Taking out the present value of the tax shield from issuance costs (columns F and G of pages 2 through 4, present valued on line 1 and carried to line 6 of page 1 of Exhibit NSTAR-GOL-2) assures that neither customers nor the Company gains or loses as part of the taxes on the issuance costs.

Q. Why does the Company add the present value of the payment of taxes on the principal in determining the amount to be securitized?

A. When the Company collects in rates the principal payments from customers, the revenues are taxable income and subject to federal and state income taxes. These taxes are cash payments made by the Company that must be recovered from customers so that the Company will recover all transition costs. Just as the customers are credited for the tax savings associated with the transaction on line 5 page 1 of Exhibit NSTAR-GOL-2 (which is calculated in columns D and E of pages 2 through 4, present valued on line 1), the Company must be credited for the subsequent payment of taxes on line 7 (which is calculated in columns H and I of pages 2 through 4, present valued on line 1). The cash-flow benefits of the tax streams (the sum of lines 5 through 7) are substantial, even after the state tax loss, as shown on page 5 line 27.

Q. Why has the Company added issuance costs to the present value of the cash flow streams on line 9 of page 1 of Exhibit NSTAR-GOL-2?

A. Issuance costs are an unavoidable costs of the transaction, the largest portion of which is the underwriter's fees. The amount included here (and in the securitization filing) is a forecast, and the Company proposes to reconcile the forecast amount to the actual issuance costs. The reconciliation amount will be paid back or collected through the variable component of the transition charge, as was done in Boston Edison's prior securitization filing.

Q. Please recap how the Company projected the total securitization balance relating to the MASSPOWER Termination Agreement.

A. As summarized on page 1 of Exhibit NSTAR-GOL-2, the Company will securitize the net present value of its cash-flow streams relating to the transaction. This includes the buyout amount, the make-whole payments, the issuance costs, and the taxes paid net of tax reductions as a result of the tax deductibility of the forgoing costs.

Q. Please could you explain pages 2 through 4 of Exhibit NSTAR-GOL-2, monthly cash flow?

A. Columns B through I show the Company cash flows being securitized. Columns J through Q show the securitization balances and the principal and interest payments made by customers thought transition charges.

Q. What is displayed in each of the columns?

A. Columns B and C show the total buyout amounts and make-whole payments allocated to the two companies as shown on page 1 line 4. Columns D and E show the cash inflow (avoidance of tax cash outflows – i.e., tax shields) to the Company from the deductibility of the buyout and make-whole amounts. The Company must have sufficient income to make the deductions. The tax payments are made quarterly for state tax purposes based on the forecast income for the year as follows: 40 percent in March; 25 percent in June; 25 percent in September; and 10 percent in December (as shown on page 5 lines 7 through 10). Federal tax payments are made on December 15th each year. Columns F and G show the tax shield relating to the issuance costs. The issuance costs on page 1, line 9 are divided by the 96 months over the eight-year period and multiplied by the effective tax rate on page 6. Columns H and I show the tax that is paid on the principal repayment from customers. It is calculated by multiplying the principal repayment for each year as shown on columns J and K and applying the state tax percentage (6.5 percent) for each quarter and applying the federal tax rate (page 5 line 25 being 32.725 percent after the state tax deduction allowed for federal taxes) to arrive at the federal tax in December.

Q. Why is there no tax calculation for the interest on the securitization debt?

A. The tax calculation is limited to the principal payments because interest on the securitization debt is a deductible expense. Therefore, the taxable revenue associated with the recovery of the interest cost is exactly offset by the deduction for the interest expense. Thus, there is neither a net tax payment nor a net tax saving associated with the payment of interest by customers.

Q. Please explain columns J through Q, the securitization summary.

A. The securitization principal balances in columns P and Q are divided by the 96 monthly periods over the eight-year securitization repayment schedule to arrive at the pay down of the principal each month. The monthly payments amounts of the principal are shown on columns J and K. The pay down reduces the monthly principal balances shown in columns P and Q. Interest in columns L and M are computed based on an estimated securitization rate of 4.5 percent divided by 12 months times the month-end balance of the prior month. Columns N and O sum the principal and interest amounts shown in columns J, K, L and M.

Q. Will the pay downs and interest exactly match what you have shown here?

A. No. There are several simplifying assumptions and forecasts included in the calculations. For example, it is likely that the securitization will be made in four or five separate portions of differing periods with lower interest rates for the shorter period and higher interest rates for the longer periods. As part of the annual reconciliation, the Company will true up to the actual principal and payment for each period.

Q. Please explain the 2005 and 2006 state and federal tax deduction calculations on page 5 of Exhibit NSTAR-GOL-2.

A. The state and federal taxes are calculated separately. The state tax deduction calculation is for only 2005 because there is no carry over of taxes for state tax purposes. The federal tax calculation shows a 2005 calculation with carryover of tax deductibility into 2006.

Q. Please explain the state tax calculation.

A. Line 2 shows the Company's estimates of taxable income for Boston Edison and Commonwealth for 2005, for state tax purposes, before any consideration of the securitization relating to the MASSPOWER Termination Agreement. The maximum state tax deduction is then computed by multiplying the state tax rate of 6.5 percent by the maximum income available for deduction on line 2. This state tax deduction is shown on line 5. The state tax deduction is spread out into the four quarterly payments with the applicable percentage payment each quarter as shown on lines 7 through 10.

Q. Please explain the federal tax calculation.

A. Line 13 shows the total of the deductible buyout and make-whole payments as set forth on page 1 of the exhibit. Line 14 reduces the amount deductible for federal tax purposes by the amount of the state tax deduction, since this will have the effect of lowering the state tax deduction allowable on federal income taxes. Line 15 shows the total amount that could be deducted in 2005 if there were sufficient taxable income for federal purposes. Line 20 shows the Company's estimate of income in 2005 for federal tax purposes. This amount is multiplied by the federal tax rate of 35 percent and allocated to the two companies (on line 21) at the allocation rate on page 6.

Q. How is the federal tax carryover to 2006 calculated?

A. As described above, line 15 of page 5 estimates the total amount that will available for deduction, and line 20 estimates the maximum that will be deductible in 2005. The difference, shown on line 22, is the 2006 tax carryover. The tax shield on this amount is calculated at the 35 percent federal tax rate and allocated to the two companies in the same manner as the 2005 tax shield. The taxes are settled in December of each year.

Q. Please explain the allocation of the buyout and make-whole costs on page 6.

A. Because the MASSPOWER Termination Agreement terminates each of the three existing contracts with MASSPOWER and the make-whole costs may be needed to be incurred to finance the total buyout, these costs are not directly assignable to the individual contracts. Accordingly, the Company has developed an allocation methodology to provide for a fair apportioning of the costs. The calculations on page 6 compute present values of the above-market costs of the existing contracts for Boston Edison and Commonwealth, based on each company's respective transition charge discount rates. The ratio of the two present values on line 13 is used to calculate the allocation on line 20.

Q. Is Department approval required as a condition of the MASSPOWER Termination Agreement?

A. Yes. Boston Edison and Commonwealth must receive a final order from the Department approving the termination of the Existing PPAs in accordance with the MASSPOWER Termination Agreement and approving the full recovery of payments made pursuant under the MASSPOWER Termination Agreement through the Transition Charge. If Department approval is not received, the existing contracts will remain unchanged and the Company will continue to be obligated to purchase power from the MASSPOWER facility on the existing terms.

Q. What is the proposed ratemaking treatment that is being requested in this case?

A. NSTAR Electric requests only that, like the over-market costs paid under the Existing PPAs, the costs incurred under the MASSPOWER Termination

Agreement continue to be recovered in the Transition Charges of Boston Edison and Commonwealth as set forth in Exhibit NSTAR-BEC-GOL-4 and Exhibit NSTAR-COM-GOL-4, respectively. Of course, the payments made and Transition Charge revenues will continue to be reconciled to actual amounts as part of NSTAR Electric's annual reconciliation process in accordance with the terms of the approved Restructuring Settlement and Restructuring Plan.

Q. When is Department approval of the MASSPOWER Termination Agreement requested?

A. The MASSPOWER Termination Agreement anticipates a Termination Date of September 30, 2004. However, the MASSPOWER Termination Agreement is conditioned, in part, on the issuance by the Department of Financing Orders reasonably satisfactory to Boston Edison and Commonwealth authorizing the issuance of rate reduction bonds by the Companies pursuant to G.L. c. 164, § 1H, to finance the amount of the Termination Payment, and related costs and expenses. The Companies intend to file applications for approval of such Financing Orders as soon as possible.

Pursuant to G.L. c. 164, § 1H(b)(5), the Department must approve or disapprove applications for Financing Orders within 120 days of the filing thereof. Accordingly, in order for customers to realize the benefits of the MASSPOWER Termination Agreement at the earliest possible date, the Companies request that the Department approve the MASSPOWER Termination Agreement on or before

120 days after the Companies' filing of their respective Financing Order applications.

Q. Why do you believe that the Department should approve the MASSPOWER Termination Agreement?

A. The MASSPOWER Termination Agreement should be approved by the Department because, consistent with the Act's requirements regarding the buyout of PPAs, the MASSPOWER Termination Agreement: (1) is likely to achieve savings to customers; and (2) is otherwise in the public interest. Given the estimated savings of approximately $67 million on an NPV basis relating to the MASSPOWER Termination Agreement and the fact that the savings will be passed on to customers, customers would realize a significant level of savings. Moreover, the buyout of PPAs is consistent with the Act, Boston Edison's Department-approved Restructuring Settlement and Commonwealth's Department-approved Restructuring Plan and therefore, approval of the MASSPOWER Termination Agreement is in the public interest. Accordingly, the MASSPOWER Termination Agreement is reasonable and consistent with the Department's standard of review for buyout agreements. Therefore, the Department should review and approve the MASSPOWER Termination Agreement expeditiously so that the customers of Boston Edison and Commonwealth may realize the significant amount of savings relating to the MASSPOWER Termination Agreement.

Q. Does this conclude your testimony?

A. Yes.

Exhibit NSTAR-GOL-1

Unit & Contract	Capacity (MW)		Location	Expir.	Fuel	Technology
	Summer	Winter				
Altresco – Pittsfield (Cambridge)	24.3	29.8	Pittsfield, MA	2011	Gas	Combined cycle cogen
Altresco – Pittsfield (Commonwealth)	24.3	29.8	Pittsfield, MA	2011	Gas	Combined cycle cogen
Boott Hydro (Commonwealth)	20.0	20.0	Lowell, MA	2023	Water	Hydro
Chicopee Hydro (Commonwealth)	2.2	2.2	Chicopee, MA	2013	Water	Hydro
Collins Hydro (Commonwealth)	1.3	1.3	N. Wilbraham, MA	2013	Water	Hydro
Dartmouth Power (Commonwealth)	61.80	67.9	Dartmouth, MA	2017	Gas	Combined cycle with supplemental firing
MASSPOWER (Boston Edison)	100.0	117.0	Indian Orchard, MA	2013	Gas	Combined cycle cogen
MASSPOWER 1 (Commonwealth)	25.5	29.67	Indian Orchard, MA	2008	Gas	Combined cycle cogen
MASSPOWER 2 (Commonwealth)	25.5	29.67	Indian Orchard, MA	2013	Gas	Combined cycle cogen
MBTA 1 (Boston Edison)	25.0	33.4	South Boston, MA	2005	Jet Fuel	Combustion Turbine
MBTA 2 (Boston Edison)	25.0	34.7	South Boston, MA	2019	Jet Fuel	Combustion Turbine
NEA A (Boston Edison)	123.5	153.0	Bellingham, MA	2016	Gas	Combined cycle cogen
NEA B (Boston Edison)	68.0	92.0	Bellingham, MA	2011	Gas	Combined cycle cogen
NEA 1(Commonwealth)	22.9	28.3	Bellingham, MA	2016	Gas	Combined cycle cogen
NEA 2 (Commonwealth)	19.2	23.8	Bellingham, MA	2016	Gas	Combined cycle cogen
Ocean State 1 (Boston Edison)	63.7	74.5	Burrillville, RI	2010	Gas	Combined cycle cogen
Ocean State 2 (Boston Edison)	63.5	74.8	Burrillville, RI	2011	Gas	Combined cycle cogen
Pilgrim (Boston Edison)	230.8	230.8	Plymouth, MA	2004	Nuclear	Nuclear
Pilgrim Municipals (Boston Edison)	24.4	24.4	Plymouth, MA	2004	Nuclear	Nuclear
Pilgrim (Commonwealth)	36.0	36.0	Plymouth, MA	2004	Nuclear	Nuclear
Pioneer Hydro (Commonwealth)	1.30	1.30	Ware, MA	2014	Water	Hydro
SEMASS (Commonwealth)	46.2	50.7	Rochester, MA	2015	Refuse	Steam boiler
SEMASS Expansion (Commonwealth)	20.9	24.3	Rochester, MA	2015	Refuse	Steam boiler
Vermont Yankee (Cambridge)	12.7	13.2	Vernon, VT	2012	Nuclear	Nuclear
Total MW	**1068**	**1222.5**				

Line	Description	Total	BECo	Com	Reference
1	Buyout				Contract
2	Make Whole provision				Treasury
3	Other Costs				Cost of PPA sale & filing
4	Total Buyout and Make Whole				Sum of Line 1 thru Line 3
5	Less PV Tax Shield from the Buyout and Make Whole	**REDACTED**			Page 2 Line 1 Cols. D & E
6	Less PV of the Tax Shield from the Issuance Cost				Page 2 Line 1 Cols. F & G
7	Plus PV of Tax paid on Revenues of Principal				Page 2 Line 1 Cols. H & I
8	Subtotal				Sum of Line 4 thru Line 7
9	Plus Issuance Cost (2% of Securitized balance)				Line 8 * 2%
10	Securitization Total				Line 8 + Line 9

Since the Income tax federal limitiations apply to NSTAR's joint return
Both Commonwealth and Boston Edison are included on the same schedule

Securitization equals the NPVs of the following cash flows
discounted at the securitization rate

$ in Millions

Monthly Cash flows from the Securitization

		Company Cash flows								Securitization							
				Tax Shield Buyout Make whole		Tax Shield Issuance Cost		Tax Paid Principal		Principal		Interest		Principal and Interest Payment		Principal Balance	
																$ -	$ -
Line	4.5%	BECO	Com	BECo	Com	BECo	Com	BECo	Com	BECo	Com	BECo	Com	BECo	Com	Balance	
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O	Col. P	Col. Q
	Reference																
1	NPV at 4.5%																
2	Mar-05																
3	Apr-05																
4	May-05																
5	Jun-05																
6	Jul-05																
7	Aug-05																
8	Sep-05																
9	Oct-05																
10	Nov-05																
11	Dec-05																
12	Jan-06																
13	Feb-06																
14	Mar-06																
15	Apr-06																
16	May-06																
17	Jun-06																
18	Jul-06																
19	Aug-06																
20	Sep-06																
21	Oct-06																
22	Nov-06																
23	Dec-06																
24	Jan-07																
25	Feb-07																
26	Mar-07																
27	Apr-07																
28	May-07																
29	Jun-07																
30	Jul-07																
31	Aug-07																
32	Sep-07																
33	Oct-07																
34	Nov-07																
35	Dec-07																
36	Jan-08																
37	Feb-08																

REDACTED

$ in Millions

Monthly Cash flows from the Securitization

		Company Cash flows								Securitization							
				Tax Shield Buyout Make whole		Tax Shield Issuance Cost		Tax Paid Principal		Principal		Interest		Principal and Interest Payment		$ - Principal Balance	$ -
Line	4.5% Col. A	BECO Col. B	Com Col. C	BECo Col. D	Com Col. E	BECo Col. F	Com Col. G	BECo Col. H	Com Col. I	BECo Col. J	Com Col. K	BECo Col. L	Com Col. M	BECo Col. N	Com Col. O	Col. P	Col. Q
	Reference																
38	Mar-08																
39	Apr-08																
40	May-08																
41	Jun-08																
42	Jul-08																
43	Aug-08																
44	Sep-08																
45	Oct-08																
46	Nov-08																
47	Dec-08																
48	Jan-09																
49	Feb-09																
50	Mar-09																
51	Apr-09																
52	May-09																
53	Jun-09																
54	Jul-09																
55	Aug-09																
56	Sep-09																
57	Oct-09																
58	Nov-09																
59	Dec-09																
60	Jan-10																
61	Feb-10																
62	Mar-10																
63	Apr-10																
64	May-10																
65	Jun-10																
66	Jul-10																
67	Aug-10																
68	Sep-10																
69	Oct-10																
70	Nov-10																
71	Dec-10																
72	Jan-11																
73	Feb-11																
74	Mar-11																
75	Apr-11																

REDACTED

$ in Millions

Monthly Cash flows from the Securitization

Line	4.5%	Company Cash flows								Securitization							
				Tax Shield Buyout Make whole		Tax Shield Issuance Cost		Tax Paid Principal		Principal		Interest		Principal and Interest Payment		$ - Principal	$ - Balance
		BECO	Com	BECo	Com	BECo	Com	BECo	Com	BECo	Com	BECo	Com	BECo	Com		
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O	Col. P	Col. Q
	Reference																
76	May-11																
77	Jun-11																
78	Jul-11																
79	Aug-11																
80	Sep-11																
81	Oct-11																
82	Nov-11																
83	Dec-11																
84	Jan-12									REDACTED							
85	Feb-12																
86	Mar-12																
87	Apr-12																
88	May-12																
89	Jun-12																
90	Jul-12																
91	Aug-12																
92	Sep-12																
93	Oct-12																
94	Nov-12																
95	Dec-12																
96	Jan-13																
97	Feb-13																
98	Mar-13																
99	Undisc. Total																
100	Unrecovered Taxes																

$ in Millions

Line	Description	Total	BECo	Com	Source/Reference
	Col. A	Col. B	Col. C	Col. D	
1	**2005 State Tax Calculation**				
2	2005 Income for Available for State Tax				per Tax Department
3	**Principal Income for 2005**				Page 2, Col J & K, Lines 3 thru 11
4	2005 Income for Available for State Tax				Line 2 plus line 3
5	2005 Maximum State Tax Deduction				Line 4 * State Tax Rate of 6.50%
6	Percentage Payment by quarter - State Taxes				
7	15-Mar				Line 5 * Col. B
8	15-Jun				Line 5 * Col. B
9	15-Sep				Line 5 * Col. B
10	15-Dec				Line 5 * Col. B
11					
12	**2005 Federal Tax Calculation**	**REDACTED**			
13	2005 Deductible expenses from Buyout and Makewhole				Page 1 Line 4
14	2005 Tax Shield used to reduce State Taxes				Line 5 above
15	2005 Remaining Deductible before limitation				Line 13 + Line 14
16					
17	2005 Consolidated Income for Federal Tax purposes				per Tax Department
18	**Principal Income for 2005**				Page 2, Col J & K, Lines 3 thru 11 (line 2 above)
19	2005 Tax Shield used to reduce State Taxes				
20	2005 Consolidated Income for Federal Tax purposes				Sum lines 17 through 19
21	2005 Federal Tax Shield				Line 20 allocated per Page 6 Line 20 * Federal Tax Rate of 35.00%
22	2005 Federal Tax loss Carry forward				Line 15 - Line 20
23	2006 Federal Tax Shield from tax deduction unused in 2005				Line 22 allocated per Page 6 Line 20 * Federal Tax Rate of 35.00%
24	Effective Tax Rate				(1 - 6.5%) * 35% + 6.5%
25	Effective Federal Tax Rate				line 24 minus State tax rate of 6.5%
26					
27	Footnote - State tax loss reconciliation				(Line 13 allocated per Page 6 Line 20 - Line 2) * State Tax Rate
28	Federal tax increased because of State non deductibility				Line 24 * Federal Tax 35%
29	Net Loss due to Offset by Federal Tax				Line 24 - Line 25

$ in Millions

Allocation of Buyout amount and Make Whole provision cost

Line #	Year	Avoided Above Market BECo.	Avoided Above Market Com	Securitization BECo	Securitization Com
	Col. A	Col. B	Col. C	Col. D	Col. E
1	Apr '05 - Dec '05				
2	2006				
3	2007				
4	2008				
5	2009				
6	2010	REDACTED			
7	2011				
8	2012				
9	2013				
10	Total				
11					
12	Weighted Average Cost of Capital after tax				
13	NPV Savings after tax				
14					
15	Weighted Average Cost of Capital pre-tax				
16	NPV Savings pre-tax				
17					
18	Allocation of Buyout and Make whole based on avoided above market				
19	Buyout and Make Whole				
20	Buyout Share (%)				
21	Allocation (line 19 * line 20)				

Year	Exh. NSTAR-BEC-GOL-3 Revenues	Exh. NSTAR-BEC-GOL-4 Revenues	Customer Savings
2004	$ 284.4	$ 284.4	$ -
2005	358.3	366.9	(8.6)
2006	323.8	328.5	(4.7)
2007	322.3	321.5	0.8
2008	276.8	273.2	3.6
2009	276.7	268.8	7.8
2010	221.3	209.9	11.3
2011	149.6	134.9	14.7
2012	91.3	73.2	18.2
2013	90.4	42.4	48.1
2014	31.0	31.0	-
2015	29.1	29.1	-
2016	20.6	20.6	-
Total	$ 2,475.7	$ 2,384.5	$ 91.3
6.61%	$ 1,978.8	$ 1,926.8	$ 52.0

Present Value of Savings
at After Tax Discount Rate in Settlement Agreement
page 254

Boston Edison Company
Transition Charge Calculation
$ in Millions

Year	GWH Delivered	Transition Charge	**Revenues for Delivered GWH**	Fixed Component	Total Variable Component	Mitigation Incentive	Prior Year Deferral	Interest on Deferral	**Expenses**	(Over) Under Collection
Col. A	Col. B	Col. C	**Col. D**	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K
2002										$ (41.439)
2003	15,107	1.788	**270.115**	$ 100.707	$ 182.077	$ 10.644	$ (41.439)	$ (4.509)	$ 247.481	$ (22.634)
2004	15,210	1.870	**284.420**	**96.719**	**240.211**	**8.375**	**(22.634)**	**(2.463)**	**320.208**	**35.788**
2005	15,514	2.310	**358.339**	91.872	223.874	2.912	35.788	3.894	**358.339**	-
2006	15,824	2.046	**323.779**	87.222	232.100	4.456	-	-	**323.779**	-
2007	16,141	1.997	**322.292**	82.339	236.172	3.781	-	-	**322.292**	-
2008	16,463	1.681	**276.823**	77.756	193.626	5.441	-	-	**276.823**	-
2009	16,793	1.648	**276.681**	72.833	200.498	3.350	-	-	**276.681**	-
2010	17,129	1.292	**221.267**	15.174	206.093	-	-	-	**221.267**	-
2011	17,471	0.856	**149.616**	-	149.616	-	-	-	**149.616**	-
2012	17,821	0.513	**91.338**	-	91.338	-	-	-	**91.338**	-
2013	18,177	0.497	**90.424**	-	90.424	-	-	-	**90.424**	-
2014	18,540	0.167	**31.023**	-	31.023	-	-	-	**31.023**	-
2015	18,911	0.154	**29.112**	-	29.112	-	-	-	**29.112**	-
2016	19,290	0.107	**20.630**	-	20.630	-	-	-	**20.630**	-

Col B	2003 per Page 2; Forecast 2004 sales; years beyond 2004 reflect 2% growth
Col C	2003 per Page 2; 2004 reflects actual tariff in effect; 2005 and later: Col J / Col B
Col D	2003 per Page 2; 2004 Col B * Col C / 100; future years equal to Col J
Col E	Exh NSTAR-BEC-GOL-3, Pg 3, Col E
Col F	Exh NSTAR-BEC-GOL-3, Pg 4, Col M
Col G	Exh NSTAR-BEC-GOL-3, Pg 5, Col E
Col H	Col. K prior year
Col I	Col. H times 10.88%
Col J	Sum Col E thru Col I
Col K	Col J - Col D

Boston Edison Company
Actual 2003 Transition Revenues
$ in Millions

Line	Description	GWH	A/C #	Per Book $	Total
1	2003 Transition Billed Revenues:				
2	Residential Transition	4,254.664	440 160	$ 76.286	
3	Industrial Transition	1,326.347	442 430	24.029	
4	Commercial Transition (includes WR rate and Special Contracts)	9,332.556	442440/500	165.513	
5	Street Light Transition	145.623	444 060	2.659	
6	Total Billed Revenues	15,059.190			**$ 268.487**
7	2003 Transition Unbilled Revenues:			Value	
8	Less: Residential Transition Unbilled @ 12/31/02	(119.482)			
9	Plus: Residential Transition Unbilled @ 12/31/03	142.891	440 162	$ 0.722	
10	Less: Industrial Transition Unbilled @ 12/31/02	(65.129)			
11	Plus: Industrial Transition Unbilled @ 12/31/03	49.270	442 435	(0.131)	
12	Less: Commercial Transition Unbilled @ 12/31/02	(283.945)			
13	Plus: Commercial Transition Unbilled @ 12/31/03	323.822	442 505	1.037	
14	Total Unbilled Revenues	47.427			**$ 1.628**
15	Total 2003 Transition Revenues	15,106.617	1.788		**$ 270.115**

Boston Edison Company
Summary of Transition Charge - Fixed Component
$ in Millions

Year	Securitization Principal	Amort.	Interest & Expense	Total
Col. A	Col. B	Col. C	Col. D	Col. E
				(Col. C + Col. D)
2003	425.378	68.188	32.519	100.707
2004	356.666	68.712	28.007	96.719
2005	288.206	68.460	23.412	91.872
2006	219.664	68.542	18.680	87.222
2007	151.268	68.396	13.943	82.339
2008	82.660	68.608	9.148	77.756
2009	14.159	68.501	4.332	72.833
2010	-	14.159	1.016	15.174

Boston Edison Company
Summary of Transition Charge - Variable Component
$ in Millions

Year	Actual Nuclear Decomm.	Actual Power Total Obligations	Actual Power Contracts Market Value	Net Power Obligation	Actual Transmission in Support of Remote Generating Units	Actual Purchased Power Contract Buyouts	Future Use	Revenue Credits & Damages, Costs, or net Recoveries	Other	Rate Design Adjustment	Reversal of Prior Year Rate Design Adjustment	Actual Total Variable Component
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M
2003	-	350.985	209.216	141.769	-	-	-	44.158	-	(4.390)	0.539	182.077
2004	-	378.056	165.622	212.434	-	-	-	28.074	-	(4.687)	4.390	240.211
2005	-	300.606	124.534	176.072	-	-	-	43.114	-		4.687	223.874
2006	-	304.894	117.164	187.730	-	-	-	44.370	-			232.100
2007	-	301.494	105.402	196.092	-	-	-	40.080	-			236.172
2008	-	301.247	108.401	192.846	-	-	-	0.780	-			193.626
2009	-	303.847	104.130	199.718	-	-	-	0.780	-			200.498
2010	-	314.361	109.048	205.313	-	-	-	0.780	-			206.093
2011	-	245.801	96.965	148.836	-	-	-	0.780	-			149.616
2012	-	159.976	69.028	90.948	-	-	-	0.390	-			91.338
2013	-	161.998	71.574	90.424	-	-	-	-	-			90.424
2014	-	86.985	55.961	31.023	-	-	-	-	-			31.023
2015	-	86.608	57.496	29.112	-	-	-	-	-			29.112
2016	-	62.979	42.349	20.630	-	-	-	-	-			20.630

Note	Description
Col. C	Exh NSTAR-BEC-GOL-3, Pg 6, Col O
Col. D	Exh NSTAR-BEC-GOL-3, Pg 7, Col P
Col. E	Col C - Col D
Col. G	No Current Buyouts
Col. I	per D.T.E. 03-117A Exhibit BEC-JFL-2 (Supp)
Col. K	per D.T.E. 03-117A Exhibit BEC-HCL-6
Col. L	Reversal of Prior Year Col. K
Col. M	Col B + Col E + Col F + Col G + Col H + Col I + Col J + Col K + Col L

Boston Edison Company
Summary of Transition Charge - Incentive
$ in Millions

Year	Base Transition Charge (cents/kWh)	Cumulative Rolling Average Transition Charge (cents/kWh)	Cumulative Bonus Allowed	Nominal Annual Incremental Bonus Required	Impact on Transition Charge
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
2003	1.788	2.04	58.187	10.644	0.07
2004	1.870	2.01	63.538	8.375	0.06
2005	2.310	2.05	65.283	2.912	0.02
2006	2.046	2.05	67.788	4.456	0.03
2007	1.997	2.04	69.781	3.781	0.02
2008	1.681	2.01	72.472	5.441	0.03
2009	1.648	1.98	74.026	3.350	0.02

Legend:

Col. B	Exh. NSTAR-BEC-GOL-3, Page 1, Col. C	
Col. C	Cumulative average of current & prior years shown in Col. B	
Col. D	For any given year based upon cumulative average transition charge, interpolate bonus from the table below:	
Col. E	(Col. D current year - Col. D prior year) * (1 + WACC AT) ^ n, where n = number of years since 1998 +1, and WACC AT is the weighted cost of capital after-tax equal to	6.61%
Col. F	Col. E / Current year GWH sales, Page 1 Col. B	

Assumptions:
1998 $ NPV Cumulative Bonus/(Penalty)

Rolling Average Access Charge

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.00	$ 21	$ 38	$ 52	$ 63	$ 72	$ 80	$ 85	$ 90	$ 93	$ 96	$ 97	$ 98
1.20	20	36	49	60	68	76	81	86	89	91	92	93
1.40	19	34	47	57	65	72	77	81	84	86	88	88
1.60	18	32	44	53	61	68	73	77	79	81	83	83
1.80	17	31	41	50	58	64	68	72	75	77	78	78
2.00	16	29	39	47	54	60	64	68	70	72	73	74
2.20	14	25	34	41	47	52	56	59	61	62	63	64
2.40	12	21	29	35	40	44	47	50	51	53	54	54
2.60	10	17	23	28	33	36	39	41	42	43	44	44
2.80	8	13	18	22	25	28	30	32	33	34	34	34
3.00	5	10	13	16	18	20	22	23	24	24	25	25
3.20	3	6	8	10	11	12	13	14	14	15	15	15
3.40	1	2	3	3	4	4	4	5	5	5	5	5
3.50	0	0	0	0	0	0	0	0	0	0	0	0

Boston Edison Company
Power Contract Obligations
Annual Total Cost - Capacity & Energy ($ in Millions)

Year	OSP 1	OSP 2	NEA 1	NEA 2	Masspower	MBTA Jets 1	MBTA Jets 2	Entergy Nuclear	HQ 1	HQ 2	HQ Line Usage	Conn Yankee	MA Yankee	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O
Jan - Mar														
Apr - May														
Jun - Dec														
2004														
Jan - Feb														
Mar														
Apr - Dec														
2005														
2006														
2007														
2008														
2009														
2010														
2011														
2012														
2013														
2014														
2015														
2016														

REDACTED

Note:
Col. B through Col. I are updated from Exhibit BEC-JFL-6 (Supp) in D.T.E. 03-117A with latest forecast from CEA

Boston Edison Company
Power Contract Obligations
Annual Market Value ($ in Millions)

Year	OSP 1	OSP 2	NEA 1	NEA 2	Masspower	MBTA Jets 1	MBTA Jets 2	Entergy Nuclear	HQ 1	HQ 2	HQ Line Usage	Conn Yankee	MA Yankee	Standard Offer Settlement Adjustment	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O	Col. P
Jan - Mar															
Apr - May															
Jun - Dec															
2004															
Jan - Feb															
Mar															
Apr - Dec															
2005									REDACTED						
2006															
2007															
2008															
2009															
2010															
2011															
2012															
2013															
2014															
2015															
2016															

Notes:
Col. B through Col. I are updated from Exhibit BEC-JFL-1 (Supp) in D.T.E. 03-117A with the latest forecast from CEA
Col. P is taken from Exhibit NSTAR-BEC-GOL-5 Page 2 Line 13 for the three time periods in 2004
Col. P is taken from Exhibit NSTAR-BEC-GOL-7 Page 2 Line 13 for the period Jan - Feb 2005
Col. O is the difference between Col. P and the sum of Cols. B through N

Boston Edison Company
Power Contract Obligations
Annual Above Market Cost ($ in Millions)

Year	OSP 1	OSP 2	NEA 1	NEA 2	Masspower	MBTA Jets 1	MBTA Jets 2	Entergy Nuclear	HQ 1	HQ 2	HQ Line Usage	Conn Yankee	MA Yankee	Standard Offer Settlement Adjustment	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O	Col. P
Jan - Mar															
Apr - May															
Jun - Dec															
2004															
Jan - Feb															
Mar															
Apr - Dec															
2005									REDACTED						
2006															
2007															
2008															
2009															
2010															
2011															
2012															
2013															
2014															
2015															
2016															

Notes:
Col. B through Col. I are updated from Exhibit BEC-JFL-1 (Supp) in D.T.E. 03-117A with the latest forecast from CEA
Col. J through Col. N are as filed in Exhibit BEC-JFL-1 (Supp) in D.T.E. 03-117A
Col. O = - Page 7 Col. O
Col. P = sum of Cols. B through O

Boston Edison Company
Transition Charge Calculation
$ in Millions

Year	GWH Delivered	Transition Charge	**Revenues for Delivered GWH**	Fixed Component	Total Variable Component	Mitigation Incentive	Prior Year Deferral	Interest on Deferral	**Expenses**	(Over) Under Collection
Col. A	Col. B	Col. C	**Col. D**	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K
2002										$ (41.439)
2003	15,107	1.788	**270.115**	$ 100.707	$ 182.077	$ 10.644	$ (41.439)	$ (4.509)	$ 247.481	$ (22.634)
2004	15,210	1.870	**284.420**	**96.719**	**240.211**	**8.375**	**(22.634)**	**(2.463)**	**320.208**	**35.788**
2005	15,514	2.365	**366.915**	91.872	232.967	2.395	35.788	3.894	**366.915**	-
2006	15,824	2.076	**328.465**	87.222	237.016	4.226	-	-	**328.465**	-
2007	16,141	1.992	**321.504**	82.339	235.276	3.890	-	-	**321.504**	-
2008	16,463	1.659	**273.192**	77.756	189.738	5.697	-	-	**273.192**	-
2009	16,793	1.601	**268.835**	72.833	192.151	3.852	-	-	**268.835**	-
2010	17,129	1.226	**209.922**	15.174	194.747	-	-	-	**209.922**	-
2011	17,471	0.772	**134.906**	-	134.906	-	-	-	**134.906**	-
2012	17,821	0.411	**73.188**	-	73.188	-	-	-	**73.188**	-
2013	18,177	0.233	**42.366**	-	42.366	-	-	-	**42.366**	-
2014	18,540	0.167	**31.023**	-	31.023	-	-	-	**31.023**	-
2015	18,911	0.154	**29.112**	-	29.112	-	-	-	**29.112**	-
2016	19,290	0.107	**20.630**	-	20.630	-	-	-	**20.630**	-

Col B 2003 per Page 2; Forecast 2004 sales; years beyond 2004 reflect 2% growth
Col C 2003 per Page 2; 2004 reflects actual tariff in effect; 2005 and later: Col J / Col B
Col D 2003 per Page 2; 2004 Col B * Col C / 100; future years equal to Col J
Col E Exh NSTAR-BEC-GOL-4, Pg 3, Col E
Col F Exh NSTAR-BEC-GOL-4, Pg 4, Col M
Col G Exh NSTAR-BEC-GOL-4, Pg 5, Col E
Col H Col. K prior year
Col I Col. H times 10.88%
Col J Sum Col E thru Col I
Col K Col J - Col D

Boston Edison Company
Actual 2003 Transition Revenues
$ in Millions

Line	Description	GWH	A/C #	Per Book $	Total
1	2003 Transition Billed Revenues:				
2	Residential Transition	4,254.664	440 160	$ 76.286	
3	Industrial Transition	1,326.347	442 430	24.029	
4	Commercial Transition (includes WR rate and Special Contracts)	9,332.556	442440/500	165.513	
5	Street Light Transition	145.623	444 060	2.659	
6	Total Billed Revenues	15,059.190			**$ 268.487**
7	2003 Transition Unbilled Revenues:			Value	
8	Less: Residential Transition Unbilled @ 12/31/02	(119.482)			
9	Plus: Residential Transition Unbilled @ 12/31/03	142.891	440 162	$ 0.722	
10	Less: Industrial Transition Unbilled @ 12/31/02	(65.129)			
11	Plus: Industrial Transition Unbilled @ 12/31/03	49.270	442 435	(0.131)	
12	Less: Commercial Transition Unbilled @ 12/31/02	(283.945)			
13	Plus: Commercial Transition Unbilled @ 12/31/03	323.822	442 505	1.037	
14	Total Unbilled Revenues	47.427			**$ 1.628**
15	Total 2003 Transition Revenues	15,106.617	1.788		**$ 270.115**

Boston Edison Company
Summary of Transition Charge - Fixed Component
$ in Millions

Year	Securitization Principal	Amort.	Interest & Expense	Total
Col. A	Col. B	Col. C	Col. D	Col. E
				(Col. C + Col. D)
2003	425.378	68.188	32.519	100.707
2004	356.666	68.712	28.007	96.719
2005	288.206	68.460	23.412	91.872
2006	219.664	68.542	18.680	87.222
2007	151.268	68.396	13.943	82.339
2008	82.660	68.608	9.148	77.756
2009	14.159	68.501	4.332	72.833
2010	-	14.159	1.016	15.174

Boston Edison Company
Summary of Transition Charge - Variable Component
$ in Millions

Year	Actual Nuclear Decomm.	Actual Power Total Obligations	Actual Power Contracts Market Value	Net Power Obligation	Actual Transmission in Support of Remote Generating Units	Actual Purchased Power Contract Buyouts	Future Use	Revenue Credits & Damages, Costs, or net Recoveries	Other	Rate Design Adjustment	Reversal of Prior Year Rate Design Adjustment	Actual Total Variable Component
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M
2003	-											
2004	-											
2005	-											
2006	-											
2007	-						**REDACTED**					
2008	-											
2009	-											
2010	-											
2011	-											
2012	-											
2013	-											
2014	-											
2015	-											
2016	-											

Note	Description
Col. C	Exh NSTAR-BEC-GOL-4, Pg 6, Col O
Col. D	Exh NSTAR-BEC-GOL-4, Pg 7, Col P
Col. E	Col C - Col D
Col. G	No Current Buyouts
Col. I	per D.T.E. 03-117A Exhibit BEC-JFL-2 (Supp)
Col. K	per D.T.E. 03-117A Exhibit BEC-HCL-6
Col. L	Reversal of Prior Year Col. K
Col. M	Col B + Col E + Col F + Col G + Col H + Col I + Col J + Col K + Col L

Boston Edison Company
Summary of Transition Charge - Incentive
$ in Millions

Year	Base Transition Charge (cents/kWh)	Cumulative Rolling Average Transition Charge (cents/kWh)	Cumulative Bonus Allowed	Nominal Annual Incremental Bonus Required	Impact on Transition Charge
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
2003	1.788	2.04	58.187	10.644	0.07
2004	1.870	2.01	63.538	8.375	0.06
2005	2.365	2.06	64.973	2.395	0.02
2006	2.076	2.06	67.348	4.226	0.03
2007	1.992	2.05	69.399	3.890	0.02
2008	1.659	2.02	72.216	5.697	0.03
2009	1.601	1.98	74.003	3.852	0.02

Legend:

Col. B	Exh. NSTAR-BEC-GOL-4, Page 1, Col. C	
Col. C	Cumulative average of current & prior years shown in Col. B	
Col. D	For any given year based upon cumulative average transition charge, interpolate bonus from the table below:	
Col. E	(Col. D current year - Col. D prior year) * (1 + WACC AT) ^ n, where n = number of years since 1998 +1, and WACC AT is the weighted cost of capital after-tax equal to	6.61%
Col. F	Col. E / Current year GWH sales, Page 1 Col. B	

Assumptions:
1998 $ NPV Cumulative Bonus/(Penalty)

Rolling Average Access Charge

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.00	$ 21	$ 38	$ 52	$ 63	$ 72	$ 80	$ 85	$ 90	$ 93	$ 96	$ 97	$ 98
1.20	20	36	49	60	68	76	81	86	89	91	92	93
1.40	19	34	47	57	65	72	77	81	84	86	88	88
1.60	18	32	44	53	61	68	73	77	79	81	83	83
1.80	17	31	41	50	58	64	68	72	75	77	78	78
2.00	16	29	39	47	54	60	64	68	70	72	73	74
2.20	14	25	34	41	47	52	56	59	61	62	63	64
2.40	12	21	29	35	40	44	47	50	51	53	54	54
2.60	10	17	23	28	33	36	39	41	42	43	44	44
2.80	8	13	18	22	25	28	30	32	33	34	34	34
3.00	5	10	13	16	18	20	22	23	24	24	25	25
3.20	3	6	8	10	11	12	13	14	14	15	15	15
3.40	1	2	3	3	4	4	4	5	5	5	5	5
3.50	0	0	0	0	0	0	0	0	0	0	0	0

Boston Edison Company
Power Contract Obligations
Annual Total Cost - Capacity & Energy ($ in Millions)

Year	OSP 1	OSP 2	NEA 1	NEA 2	Masspower	MBTA Jets 1	MBTA Jets 2	Entergy Nuclear	HQ 1	HQ 2	HQ Line Usage	Conn Yankee	MA Yankee	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O
Jan - Mar														
Apr - May														
Jun - Dec														
2004														
Jan - Feb														
Mar														
Apr - Dec														
2005														
2006														
2007														
2008														
2009														
2010														
2011														
2012														
2013														
2014														
2015														
2016														

REDACTED

Note:
Col. B through Col. I are updated from Exhibit BEC-JFL-6 (Supp) in D.T.E. 03-117A with latest forecast from CEA

Boston Edison Company
Power Contract Obligations
Annual Market Value ($ in Millions)

Year	OSP 1	OSP 2	NEA 1	NEA 2	Masspower	MBTA Jets 1	MBTA Jets 2	Entergy Nuclear	HQ 1	HQ 2	HQ Line Usage	Conn Yankee	MA Yankee	Standard Offer Settlement Adjustment	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O	Col. P
Jan - Mar															
Apr - May															
Jun - Dec															
2004															
Jan - Feb															
Mar															
Apr - Dec															
2005															
2006															
2007															
2008															
2009															
2010															
2011															
2012															
2013															
2014															
2015															
2016															

REDACTED

Notes:
Col. B through Col. I are updated from Exhibit BEC-JFL-1 (Supp) in D.T.E. 03-117A with the latest forecast from CEA
Col. P is taken from Exhibit NSTAR-BEC-GOL-6 Page 2 Line 13 for the three time periods in 2004
Col. P is taken from Exhibit NSTAR-BEC-GOL-8 Page 2 Line 13 for the period Jan - Feb 2005
Col. O is the difference between Col. P and the sum of Cols. B through N

Boston Edison Company
Power Contract Obligations
Annual Above Market Cost ($ in Millions)

Year	OSP 1	OSP 2	NEA 1	NEA 2	Masspower	MBTA Jets 1	MBTA Jets 2	Entergy Nuclear	HQ 1	HQ 2	HQ Line Usage	Conn Yankee	MA Yankee	Standard Offer Settlement Adjustment	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O	Col. O
Jan - Mar															
Apr - May															
Jun - Dec															
2004															
Jan - Feb															
Mar															
Apr - Dec															
2005															
2006															
2007															
2008															
2009															
2010															
2011															
2012															
2013															
2014															
2015															
2016															

REDACTED

Notes:
Col. B through Col. I are updated from Exhibit BEC-JFL-1 (Supp) in D.T.E. 03-117A with the latest forecast from CEA
Col. J through Col. N are as filed in Exhibit BEC-JFL-1 (Supp) in D.T.E. 03-117A
Col. O = - Page 7 Col. O
Col. P = sum of Cols. B through O

COMMONWEALTH ELECTRIC COMPANY

Year	Base Case Revenues	Masspower Buyout Revenues	Customer Savings
2004	$ 74.654	$ 74.654	$ -
2005	174.902	174.902	$ -
2006	178.400	171.436	$ 6.964
2007	138.764	98.097	$ 40.667
2008	98.448	93.897	$ 4.551
2009	76.608	87.140	$ (10.532)
2010	76.096	86.384	$ (10.288)
2011	75.796	85.756	$ (9.960)
2012	76.565	86.173	$ (9.608)
2013	74.217	78.290	$ (4.073)
2014	76.517	76.517	$ -
2015	75.539	75.539	$ -
2016	58.196	58.196	$ -
2017	14.584	14.584	$ -
2018	5.357	5.357	$ -
2019	5.094	5.094	$ -
2020	5.030	5.030	$ -
2021	5.321	5.321	$ -
2022	2.803	2.803	$ -
2023	1.160	1.160	$ -
2024	0.404	0.404	$ -
2025	0.265	0.265	$ -
2026	0.345	0.345	$ -
Total	$ 1,295.065	$ 1,287.345	$ 7.720
NPV	$ 891.737	$ 876.733	$ 15.004
Discount Rate	8.200%		

Discounted at Commonwealth After Tax Discount Rate
used in the Company's Retructuring Filing

Commonwealth Electric Company
Transition Charge Calculation
$ in Millions

Year	GWH Delivered	Transition Charge Billed	**Revenues for Delivered GWH**	Total Fixed Component	Total Variable Component	Total Other Adjustment	Prior Year Deferral	Interest on Deferral	**Expenses**	(Over) Under Collection
Col. A	Col. B	Col. C	**Col. D**	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K
2002										$ 81.510
2003	4,173.546	2.819	**$ 117.657**	$ 0.532	$ 138.189	$ (5.762)	$ 81.510	$ 3.122	**$ 217.591**	99.934
2004	**4,202.750**	**1.776**	**74.654**	**0.494**	**108.669**	**1.589**	**99.934**	**2.638**	**213.324**	**138.670**
2005	4,286.805	4.080	**174.902**	0.458	108.888	2.034	138.670	2.288	**252.338**	77.436
2006	4,372.541	4.080	**178.400**	0.418	120.437	1.915	77.436	1.278	**201.484**	23.084
2007	4,459.992	3.111	**138.764**	0.382	113.006	1.911	23.084	0.381	**138.764**	-
2008	4,549.192	2.164	**98.448**	0.343	96.284	1.821	-	-	**98.448**	-
2009	4,640.176	1.651	**76.608**	0.305	74.357	1.946	-	-	**76.608**	-
2010	4,732.980	1.608	**76.096**	-	74.575	1.521	-	-	**76.096**	-
2011	4,827.640	1.570	**75.796**	-	74.591	1.205	-	-	**75.796**	-
2012	4,924.193	1.555	**76.565**	-	75.523	1.042	-	-	**76.565**	-
2013	5,022.677	1.478	**74.217**	-	73.762	0.455	-	-	**74.217**	-
2014	5,123.131	1.494	**76.517**	-	75.990	0.527	-	-	**76.517**	-
2015	5,225.594	1.446	**75.539**	-	75.025	0.514	-	-	**75.539**	-
2016	5,330.106	1.092	**58.196**	-	57.830	0.366	-	-	**58.196**	-
2017	5,436.708	0.268	**14.584**	-	14.138	0.446	-	-	**14.584**	-
2018	5,545.442	0.097	**5.357**	-	4.923	0.434	-	-	**5.357**	-
2019	5,656.351	0.090	**5.094**	-	4.770	0.324	-	-	**5.094**	-
2020	5,769.478	0.087	**5.030**	-	4.612	0.418	-	-	**5.030**	-
2021	5,884.868	0.090	**5.321**	-	4.908	0.413	-	-	**5.321**	-
2022	6,002.565	0.047	**2.803**	-	2.504	0.299	-	-	**2.803**	-
2023	6,122.616	0.019	**1.160**	-	0.755	0.405	-	-	**1.160**	-
2024	6,245.068	0.006	**0.404**	-	-	0.404	-	-	**0.404**	-
2025	6,369.969	0.004	**0.265**	-	-	0.265	-	-	**0.265**	-
2026	6,497.368	0.005	**0.345**	-	-	0.345	-	-	**0.345**	-

Col. B: 2003 - 12 months actual; 2004 5 months actual, 7 months forecast; years 2005 and beyond assumes 2% growth per annum.
Col. C: 2003 & 2004 = Col. D / Col. B; 2005 & 2006 = Maximum Transition Charge rate; Post 2006 = Col. J / Col. B.
Col. D: 2003 per Page 2, Line 15; 2004 - 2006 = Col. B * Col. C; Post 2006 = Col. J.
Col. E: Page 3, Col. H.
Col. F: Page 4, Col. M.
Col. G: Page 5, Col. L.
Col. H: Col. K prior year.
Col. I: Col. H times interest rate on customer deposits; 2002 ending balance = 3.83%; 2003 ending balance = 2.64%; Post 2003 = 1.65%.
Col. J: Sum Cols. E thru I.
Col. K: 2002 per D.T.E. 02-80B (Settlement); 2003 and later = Col. J - Col. D.

Commonwealth Electric Company
Actual 2003 Transition Revenues
$ in Millions

Line	Description	GWH	A/C #	Per Book $	Total
1	2003 Transition Billed Revenues:				
2	Residential Transition	2,064.405	440160	$ 56.348	
3	Commercial Transition	1,734.871	442500	47.014	
4	Industrial Transition	366.634	442430	9.471	
5	Street Light Transition	16.039	444060	0.437	
6	Total Billed Revenues	4,181.949			**$ 113.270**
7	2003 Transition Unbilled Revenues:			Value	
8	Less: Residential Transition Unbilled @ 12/31/02	(91.151)			
9	Plus: Residential Transition Unbilled @ 12/31/03	87.671	440162	$ 2.145	
10	Less: Industrial Transition Unbilled @ 12/31/02	(18.078)			
11	Plus: Industrial Transition Unbilled @ 12/31/03	16.734	442435	0.360	
12	Less: Commercial Transition Unbilled @ 12/31/02	(81.065)			
13	Plus: Commercial Transition Unbilled @ 12/31/03	77.486	442505	1.882	
14	Total Unbilled Revenues	(8.403)			**4.387**
15	Total 2003 Transition Revenues	4,173.546	2.819		**$ 117.657**

Commonwealth Electric Company
Summary of Transition Charge - Fixed Component
$ in Millions

	Commonwealth Electric Company		Residual Value Credit				
Year	Pre-Tax Return on Generation Related Assets	Amortization of Generation Related Assets	Pre-Tax Return on Commonwealth Generation Recovery/(Proceeds)	Amortization of Commonwealth Generation Recovery/(Proceeds)	Pre-Tax Return on Canal Related Generation Recovery/(Proceeds)	Amortization of Canal Related Generation Recovery/(Proceeds)	Net Fixed Component
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H
2003	$ 0.103	$ 0.157	$ 0.041	$ 0.114	$ 0.099	$ 0.018	$ 0.532
2004	0.087	0.157	0.034	0.114	0.084	0.018	0.494
2005	0.071	0.157	0.028	0.114	0.070	0.018	0.458
2006	0.055	0.157	0.022	0.114	0.052	0.018	0.418
2007	0.039	0.157	0.015	0.114	0.039	0.018	0.382
2008	0.023	0.157	0.009	0.114	0.022	0.018	0.343
2009	0.008	0.152	0.003	0.110	0.008	0.024	0.305

Note: Amounts per Exhibit COM-JFL-2(DTE 03-118(Supp)).
Col. H = Sum of Columns B through G.

Commonwealth Electric Company
Summary of Transition Charge - Variable Component
$ in Millions

Year	Actual Nuclear Decomm	Actual Power Total Obligations	Actual Power Contracts Market Value	Net Power Obligation	Actual Transmission In Support Of Remote Generating Units	Actual Power Contract Buyouts	Actual Payments in Lieu of Property Taxes	Revenue Credits & Damages, Costs, or net Recoveries	Wholesale Credits/Debits	Rate Design Adjustment	Reversal of Prior Year Rate Design Adjustment	Actual Total Variable Component
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M
2003	$ 0.811	$ 207.695	$ 87.684	$ 120.011	$ 1.609	$ 12.461	$ 2.089	$ (0.164)	$ -	$ 1.372	$ -	$ 138.189
2004	1.387	228.753	128.263	100.490	1.700	5.309	1.430	-	-	(0.275)	(1.372)	108.669
2005	1.391	193.719	89.767	103.952	1.895	-	1.375	-	-	-	0.275	108.888
2006	0.350	190.985	73.901	117.084	1.738	-	1.265	-	-	-	-	120.437
2007	0.350	178.157	67.812	110.345	1.651	-	0.660	-	-	-	-	113.006
2008	0.350	161.485	67.296	94.189	1.635	-	0.110	-	-	-	-	96.284
2009	0.350	135.859	63.882	71.977	1.920	-	0.110	-	-	-	-	74.357
2010	0.350	139.106	66.898	72.208	1.907	-	0.110	-	-	-	-	74.575
2011	-	141.971	69.382	72.589	1.892	-	0.110	-	-	-	-	74.591
2012	-	141.492	67.904	73.588	1.880	-	0.055	-	-	-	-	75.523
2013	-	142.495	70.602	71.893	1.869	-	-	-	-	-	-	73.762
2014	-	142.302	68.174	74.128	1.862	-	-	-	-	-	-	75.990
2015	-	143.182	70.024	73.158	1.867	-	-	-	-	-	-	75.025
2016	-	94.418	38.043	56.375	1.455	-	-	-	-	-	-	57.830
2017	-	23.907	11.333	12.574	1.564	-	-	-	-	-	-	14.138
2018	-	7.963	4.643	3.320	1.603	-	-	-	-	-	-	4.923
2019	-	7.963	4.837	3.126	1.644	-	-	-	-	-	-	4.770
2020	-	7.963	5.038	2.925	1.687	-	-	-	-	-	-	4.612
2021	-	7.963	5.245	2.718	2.190	-	-	-	-	-	-	4.908
2022	-	7.963	5.459	2.504	-	-	-	-	-	-	-	2.504
2023	-	2.654	1.899	0.755	-	-	-	-	-	-	-	0.755

Legend:

Col. B: Page 6, Col. E.
Col. C: 2003 - Exhibit COM-JFL-4, Page 3, Line 16(DTE 03-118(Supp)); 2004 - 2023 - Page 13.
Col. D: 2003 - Exhibit COM-JFL-4, Page 2, Line 20(DTE 03-118(Supp)); 2004 - 2023 - Page 14.
Col. E: Col. C - Col. D.
Col. F: Page 7, Col. G.
Col. G: CPC Lowell buyout payment, 54 months starting December 1999. 2003 includes Seabrook Buyout Adjustment = ($0.280).
Col. H: Commonwealth's 11% share of the Boston Edison Pilgrim property tax liability.
Col. I: Commonwealth's 11% share of the Boston Edison Pilgrim NEIL credit, Maxey Flats payment and DOE/SNF Legal Fees.
Col. K: Exhibit COM-HCL-6.
Col. L: Reversal of Prior Year Rate Design Adjustment (-Col. K(prior year)).
Col. M: Col. B + Col. E + Col. F + Col. G + Col. H + Col. I + Col. J + Col. K + Col. L.

Commonwealth Electric Company
Summary of Transition Charge - Other Adjustments
$ in Millions

					Mitigation Incentive						
Year	EIS Return on Investment Adjustment	Mitigation Incentive Adjustment	Gain on Sale of Utility Land	Other Adjustment	Hydro Quebec Transmission	Fixed Component (Page 8)	Lowell Cogen. Buyout (Page 9)	Pilgrim Contract Buyout (Page 10)	Seabrook Buydown (Page 11)	Seabrook Buyout (Page 12)	Total Other Adjustments
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L
2003	$ (7.296)	$ 0.007	$ (0.001)	$ -	$ 0.020	$ 0.237	$ (0.105)	$ 0.670	$ 0.510	$ 0.196	$ (5.762)
2004	-	(0.127)	-	-	0.013	0.231	0.327	0.524	0.496	0.125	1.589
2005	-	-	-	-	0.012	0.226	0.419	0.712	0.483	0.182	2.034
2006	-	-	-	-	0.012	0.221	0.430	0.604	0.468	0.180	1.915
2007	-	-	-	-	0.012	0.216	0.439	0.687	0.456	0.101	1.911
2008	-	-	-	-	0.012	0.211	0.447	0.549	0.441	0.161	1.821
2009	-	-	-	-	-	0.206	0.464	0.677	0.427	0.172	1.946
2010	-	-	-	-	-	-	0.476	0.548	0.414	0.083	1.521
2011	-	-	-	-	-	-	-	0.647	0.400	0.158	1.205
2012	-	-	-	-	-	-	-	0.492	0.385	0.165	1.042
2013	-	-	-	-	-	-	-	-	0.374	0.081	0.455
2014	-	-	-	-	-	-	-	-	0.359	0.168	0.527
2015	-	-	-	-	-	-	-	-	0.345	0.169	0.514
2016	-	-	-	-	-	-	-	-	0.333	0.033	0.366
2017	-	-	-	-	-	-	-	-	0.319	0.127	0.446
2018	-	-	-	-	-	-	-	-	0.303	0.131	0.434
2019	-	-	-	-	-	-	-	-	0.293	0.031	0.324
2020	-	-	-	-	-	-	-	-	0.277	0.141	0.418
2021	-	-	-	-	-	-	-	-	0.262	0.151	0.413
2022	-	-	-	-	-	-	-	-	0.252	0.047	0.299
2023	-	-	-	-	-	-	-	-	0.236	0.169	0.405
2024	-	-	-	-	-	-	-	-	0.219	0.185	0.404
2025	-	-	-	-	-	-	-	-	0.204	0.061	0.265
2026	-	-	-	-	-	-	-	-	0.185	0.160	0.345

Col. B: Amount received from E.I.S. - November 2003.
Col. C: 2003 adjustment to actual of Column I and 4 percent of Seabrook Buyout Adjustment. 2004 forecasted adjustment to Column H.
Col. D: Adjustment to Net Proceeds for Sale of Land at 15 Church Street, Tisbury, MA.
Col. F: Equals 4 percent of Page 7, Col. E.

Commonwealth Electric Company Share of
Summary of Transition Charge - Decommissioning
$ in Millions

Year	Seabrook Unit 1	Seabrook Unit 2	Yankee Atomic	Total
Col. A	Col. B	Col. C	Col. D	Col. E
2003 *	$ -	$ -	$ 0.811	$0.811
2004 **	-	-	1.387	1.387
2005	-	-	1.391	1.391
2006	-	-	0.350	0.350
2007	-	-	0.350	0.350
2008	-	-	0.350	0.350
2009	-	-	0.350	0.350
2010	-	-	0.350	0.350
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-

* 12 months actual.
** 5 months actual, 7 months forecast.
Note: Col. B & Col. C subject to final reconciliation of sale transaction.

Commonwealth Electric Company
Transmission in Support of Remote Generation
$ in Millions

Year	Seabrook 1	Hydro Quebec Phase 1	Hydro Quebec Phase 2	Hydro Quebec Mitigation	Wyman 4	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G
2003 *	$0.002	$0.299	$1.797	($0.489)	$ -	$1.609
2004 **	-	0.299	1.723	(0.322)	-	1.700
2005	-	0.291	1.904	(0.300)	-	1.895
2006	-	0.153	1.885	(0.300)	-	1.738
2007	-	0.086	1.865	(0.300)	-	1.651
2008	-	0.088	1.847	(0.300)	-	1.635
2009	-	0.091	1.829		-	1.920
2010	-	0.094	1.813		-	1.907
2011	-	0.096	1.796			1.892
2012	-	0.099	1.781			1.880
2013	-	0.102	1.767			1.869
2014	-	0.104	1.758			1.862
2015	-	0.107	1.760			1.867
2016	-	0.111	1.344			1.455
2017	-	0.114	1.450			1.564
2018	-	0.117	1.486			1.603
2019	-	0.121	1.523			1.644
2020	-	0.125	1.562			1.687
2021	-	0.129	2.061			2.190
2022	-					-
2023	-					-
2024	-					-
2025	-					-
2026	-					-

* 12 months actual.
** 5 months actual, 7 months forecast.

Commonwealth Electric Company
Transition Charge Mitigation Incentive Summary - Fixed
$ in Millions

Line		2003	2004	2005	2006	2007	2008	2009
1	Residual Value Credit (Debit):							
2	Commonwealth (Exhibit 2, Page 3, Line 33) Total Proceeds	($0.155)	($0.148)	($0.142)	($0.136)	($0.129)	($0.123)	($0.113)
3	Canal (Exhibit 2, Page 4, Line 29) Excess Proceeds	32.707	31.921	31.134	30.348	29.561	28.775	27.986
4	Commonwealth (Exhibit 2, Page 5, Line 6) Pilgrim Buyout	(11.448)	(11.173)	(10.898)	(10.621)	(10.346)	(10.071)	(9.802)
5	Commonwealth (Exhibit 2, Page 10, Line 29) PREA Buyout	(0.248)	(0.242)	(0.236)	(0.230)	(0.225)	(0.219)	(0.208)
6	Commonwealth (Exhibit 2, Page 11, Line 29) Seabrook Buydown	(14.681)	(14.328)	(13.975)	(13.622)	(13.269)	(12.915)	(12.563)
7	Total	6.175	6.030	5.883	5.739	5.592	5.447	5.300
8								
9	Less - Owned Generation per Compliance Filing:							
10	Commonwealth (Exhibit 2, Page 2, Line 28) Embedded Cost	0.260	0.244	0.228	0.212	0.196	0.180	0.160
11								
12	Net Incremental Gain on Sale of Owned Gen (L7 - L10)	5.915	5.786	5.655	5.527	5.396	5.267	5.140
13								
14	Transition Charge Mitigation Incentive Mechanism @ 4%	$0.237	$0.231	$0.226	$0.221	$0.216	$0.211	$0.206

Commonwealth Electric Company
Transition Charge Mitigation Incentive Mechanism - Lowell Cogen Buyout
$ in Millions

	Original Forecast			Revised Forecast				
Year	Power Contract Total Obligation	Assumed Market Value	Assumed Excess Over Market	Future Power Contract Buyouts	Total Mitigation	Transition Charge Mitigation Incentive @ 4%	Estimated GWH Sales	Impact on Transition Charge (cents/kwh)
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I
2003	$13.384	$3.264	$10.120	$12.741	($2.621)	($0.105)	4,173.546	(0.00252)
2004	13.685	3.379	10.306	2.124	8.182	0.327	4,202.750	0.00778
2005	14.015	3.528	10.487		10.487	0.419	4,286.805	0.00977
2006	14.368	3.626	10.742		10.742	0.430	4,372.541	0.00983
2007	14.747	3.767	10.980		10.980	0.439	4,459.992	0.00984
2008	15.145	3.963	11.182		11.182	0.447	4,549.192	0.00983
2009	15.576	3.967	11.609		11.609	0.464	4,640.176	0.01000
2010	16.031	4.138	11.893		11.893	0.476	4,732.980	0.01006

Column Notes:

Col. B: See DTE 98-78, Schedule 1, Page 11, Column (8).
Col. C: See DTE 98-78, Schedule 1, Page 12, Column (8) times NERA Base Load Market Forecast.
Col. D: Col. B - Col. C.
Col. E: See DTE 99-65 for revised amounts
Col. F: Col. D - Col. E.
Col. G: Col. F Multiplied by 4%.
Col. H: 2003- 2010, see Page 1, Col. B.
Col. I: Col. G/Col. H Multiplied by 100.

Commonwealth Electric Company
Transition Charge Mitigation Incentive Mechanism - Pilgrim Contract Buyout
$ in Millions

	Original Forecast					Revised Forecast						
Year	Nuclear Decommissioning Costs	Power Contract Total Obligation	Assumed Market Value	Assumed Excess Over Market	Total Filed Case	Power Contract Total Obligation	Assumed Market Value	Assumed Excess Over Market	Total Mitigation	Transition Charge Mitigation Incentive @ 4%	Estimated GWH Sales	Impact on Transition Charge (cents/kwh)
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M
2003	$3.836	$33.707	$18.883	$14.824	$18.660	$11.238	$9.325	$1.913	$16.747	$0.670	4,173.546	0.01605
2004	3.951	33.861	21.842	12.019	15.970	13.718	10.859	2.859	13.111	0.524	4,202.750	0.01247
2005	4.069	34.135	20.405	13.730	17.799			-	17.799	0.712	4,286.805	0.01661
2006	4.191	34.339	23.437	10.902	15.093			-	15.093	0.604	4,372.541	0.01381
2007	4.317	34.655	21.791	12.864	17.181			-	17.181	0.687	4,459.992	0.01540
2008	4.447	34.907	25.617	9.290	13.737			-	13.737	0.549	4,549.192	0.01207
2009	4.580	35.300	22.947	12.353	16.933			-	16.933	0.677	4,640.176	0.01459
2010	4.717	35.733	26.744	8.989	13.706			-	13.706	0.548	4,732.980	0.01158
2011	4.859	36.082	24.756	11.326	16.185			-	16.185	0.647	4,827.640	0.01340
2012	5.005	35.327	28.024	7.303	12.308			-	12.308	0.492	4,924.193	0.00999

Column Notes:

Col. B: Restated per new Pilgrim decommissioning forecast in DTE 98-126.
Col. C: See DTE 98-78, Schedule 1, Page 11, Column (1).
Col. D: See DTE 98-78, Schedule 1, Page 12, Column (1) times NERA Base Load Market Forecast.
Col. E: Col. C - Col. D.
Col. F: Col. B + Col. E.
See DTE 98-126 for revised amounts for Cols. G through I.
Col. J: Col. F - Col. I.
Col. K: Col. J Multiplied by 4%.
Col. L: 2003 - 2012, see Page 1, Col. B.
Col. M: Col. K/Col. L Multiplied by 100.

Commonwealth Electric Company
Transition Charge Mitigation Incentive Mechanism - Seabrook Buydown
$ in Millions

	Original Forecast			Revised Forecast						
Year	Power Contract Total Obligation	Assumed Market Value	Assumed Excess Over Market	Power Contract Total Obligation	Assumed Market Value	Assumed Excess Over Market	Total Mitigation	Transition Charge Mitigation Incentive @ 4%	Estimated GWH Sales	Impact on Transition Charge (cents/kwh)
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K
2003	$25.689	$8.813	$16.876	$12.950	$8.813	$4.137	$12.739	$0.510	4,173.546	0.01222
2004	24.848	10.091	14.757	12.438	10.091	2.347	12.410	0.496	4,202.750	0.01180
2005	25.333	9.523	15.810	13.267	9.523	3.744	12.066	0.483	4,286.805	0.01127
2006	25.170	9.789	15.381	13.472	9.789	3.683	11.698	0.468	4,372.541	0.01070
2007	24.321	11.249	13.072	12.927	11.249	1.678	11.394	0.456	4,459.992	0.01022
2008	24.889	10.700	14.189	13.862	10.700	3.162	11.027	0.441	4,549.192	0.00969
2009	24.779	10.709	14.070	14.103	10.709	3.394	10.676	0.427	4,640.176	0.00920
2010	23.871	12.355	11.516	13.514	12.355	1.159	10.357	0.414	4,732.980	0.00875
2011	24.569	11.554	13.015	14.559	11.554	3.005	10.010	0.400	4,827.640	0.00829
2012	24.473	11.705	12.768	14.840	11.705	3.135	9.633	0.385	4,924.193	0.00782
2013	23.551	13.184	10.367	14.204	13.184	1.020	9.347	0.374	5,022.677	0.00745
2014	24.355	12.242	12.113	15.381	12.242	3.139	8.974	0.359	5,123.131	0.00701
2015	24.331	12.564	11.767	15.715	12.564	3.151	8.616	0.345	5,225.594	0.00660
2016	23.343	14.310	9.033	15.027	14.310	0.717	8.316	0.333	5,330.106	0.00625
2017	24.310	13.316	10.994	16.347	13.316	3.031	7.963	0.319	5,436.708	0.00587
2018	24.315	13.589	10.726	16.739	13.589	3.150	7.576	0.303	5,545.442	0.00546
2019	23.302	15.336	7.966	15.987	15.336	0.651	7.315	0.293	5,656.351	0.00518
2020	24.414	14.094	10.320	17.489	14.094	3.395	6.925	0.277	5,769.478	0.00480
2021	24.524	14.329	10.195	17.974	14.329	3.645	6.550	0.262	5,884.868	0.00445
2022	23.461	16.126	7.335	17.165	16.126	1.039	6.296	0.252	6,002.565	0.00420
2023	24.818	14.834	9.984	18.916	14.834	4.082	5.902	0.236	6,122.616	0.00385
2024	25.055	15.100	9.955	19.585	15.100	4.485	5.470	0.219	6,245.068	0.00351
2025	23.479	16.998	6.481	18.376	16.998	1.378	5.103	0.204	6,369.969	0.00320
2026	24.106	15.639	8.467	19.474	15.639	3.835	4.632	0.185	6,497.368	0.00285

Column Notes:

Col. B: See DTE 98-78, Schedule 1, Page 11, Column (2).
Col. C: See DTE 98-78, Schedule 1, Page 12, Column (2) times NERA Base Load Market Forecast.
Col. D: Col. B - Col. C.
See DTE 99-89 for revised amounts for Cols. E through G.
Col. H: Col. D - Col. G.
Col. I: Col. H Multiplied by 4%.
Col. J: 2003 - 2026, see Page 1, Col. B.
Col. K: Col. I/Col. J Multiplied by 100.

Commonwealth Electric Company
Transition Charge Mitigation Incentive Mechanism - Seabrook Buyout
$ in Millions

	Original Forecast						Revised Forecast				
Year	Nuclear Decommissioning Costs	Power Contract Total Obligation	Assumed Market Value	Assumed Excess Over Market	Transmission in Support of Remote Generation	Total Filed Case	Future Power Contract Buyouts	Total Mitigation	Transition Charge Mitigation Incentive @ 4%	Estimated GWH Sales	Impact on Transition Charge (cents/kwh)
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L
2003	$0.565	$12.950	$8.813	$4.137	$0.186	$4.888	$ -	$4.888	$0.196	4,173.546	0.00470
2004	0.588	12.438	10.091	2.347	0.184	3.119		3.119	0.125	4,202.750	0.00297
2005	0.614	13.267	9.523	3.744	0.182	4.540		4.540	0.182	4,286.805	0.00425
2006	0.639	13.472	9.789	3.683	0.180	4.502		4.502	0.180	4,372.541	0.00412
2007	0.666	12.927	11.249	1.678	0.178	2.522		2.522	0.101	4,459.992	0.00226
2008	0.695	13.862	10.700	3.162	0.175	4.032		4.032	0.161	4,549.192	0.00354
2009	0.723	14.103	10.709	3.394	0.173	4.290		4.290	0.172	4,640.176	0.00371
2010	0.754	13.514	12.355	1.159	0.171	2.084		2.084	0.083	4,732.980	0.00175
2011	0.785	14.559	11.554	3.005	0.169	3.959		3.959	0.158	4,827.640	0.00327
2012	0.819	14.840	11.705	3.135	0.167	4.121		4.121	0.165	4,924.193	0.00335
2013	0.852	14.204	13.184	1.020	0.165	2.037		2.037	0.081	5,022.677	0.00161
2014	0.888	15.381	12.242	3.139	0.163	4.190		4.190	0.168	5,123.131	0.00328
2015	0.924	15.715	12.564	3.151	0.161	4.236		4.236	0.169	5,225.594	0.00323
2016	(0.014)	15.027	14.310	0.717	0.111	0.814		0.814	0.033	5,330.106	0.00062
2017	(0.013)	16.347	13.316	3.031	0.145	3.163		3.163	0.127	5,436.708	0.00234
2018	(0.013)	16.739	13.589	3.150	0.145	3.282		3.282	0.131	5,545.442	0.00236
2019	(0.011)	15.987	15.336	0.651	0.146	0.786		0.786	0.031	5,656.351	0.00055
2020	(0.011)	17.489	14.094	3.395	0.147	3.531		3.531	0.141	5,769.478	0.00244
2021	(0.010)	17.974	14.329	3.645	0.148	3.783		3.783	0.151	5,884.868	0.00257
2022	(0.009)	17.165	16.126	1.039	0.149	1.179		1.179	0.047	6,002.565	0.00078
2023	(0.007)	18.916	14.834	4.082	0.151	4.226		4.226	0.169	6,122.616	0.00276
2024	(0.007)	19.585	15.100	4.485	0.155	4.633		4.633	0.185	6,245.068	0.00296
2025	(0.006)	18.376	16.998	1.378	0.157	1.529		1.529	0.061	6,369.969	0.00096
2026	(0.004)	19.474	15.639	3.835	0.159	3.990		3.990	0.160	6,497.368	0.00246

Column Notes:

Col. B: See DTE 01-79, Exhibit COM-BKR-1, Page 6, Columns B & C.
Col. C: See Page 11, Column E.
Col. D: See Page 11, Column F.
Col. E: Col. C - Col. D.
Col. F: See DTE 99-90, Schedule 1, Page 7, Column (2).
Col. G: Col. B + Col. E + Col. F.
Col. H: Estimated Buyout Amount per DTE 02-34.
Col. I: Col. G - Col. H.
Col. J: Col. I Multiplied by 4%.
Col. K: See Page 1, Col. B.
Col. L: Col. J/Col. K Multiplied by 100.

Commonwealth Electric Company
Power Contract Obligations
Annual Obligations in Millions of Dollars

Year	Dartmouth Power	Altresco-Pittsfield	NEA-Bellingham (25MW)	NEA-Bellingham (21MW)	Mass-Power 1	Mass-Power 2	Chicopee Hydro	Collins Hydro	Boott Hydro	Pioneer Hydro	Pilgrim	SEMASS	SEMASS Expansion	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O
Jan - Mar														
Apr - May														
Jun - Sep														
Oct - Dec														
2004														
Jan - Feb														
Mar														
Apr - Dec														
2005														
2006								REDACTED						
2007														
2008														
2009														
2010														
2011														
2012														
2013														
2014														
2015														
2016														
2017														
2018														
2019														
2020														
2021														
2022														
2023														

Note: Updated from COM-JFL-3 (supp) in D.T.E. 03-118 with latest forecast from CEA.

Commonwealth Electric Company
Power Contract Obligations
Annual Market in Millions of Dollars

Year	Dartmouth Power	Altresco-Pittsfield	NEA-Bellingham (25MW)	NEA-Bellingham (21MW)	Mass-Power 1	Mass-Power 2	Chicopee Hydro	Collins Hydro	Boott Hydro	Pioneer Hydro	Pilgrim	SEMASS	SEMASS Expansion	S. O. Adjustment	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O	Col. P
Jan - Mar															
Apr - May															
Jun - Sep															
Oct - Dec															
2004															
Jan - Feb															
Mar															
Apr - Dec															
2005															
2006															
2007															
2008															
2009															
2010															
2011															
2012															
2013															
2014															
2015															
2016															
2017															
2018															
2019															
2020															
2021															
2022															
2023															

REDACTED

Note: Cols B thru N are updated from CAM-JFL-3 (supp) in D.T.E. 03-118 with latest forecast from CEA.
Col.O = Col.P minus Cols. B thru N for Jan 2004 through Feb 2005
Col.P for Jan 2004 through Feb 2005 (Standard Offer period) is equal to the transfer price from DTE 04-60 NSTAR-COM-GOL-5 & 7 (page 1, line 7)
Col.P for March 2005 onwards = sum Col. B thru Col. N

Commonwealth Electric Company
Power Contract Obligations
Annual Above Market in Millions of Dollars

Year	Dartmouth Power	Altresco-Pittsfield	NEA-Bellingham (25MW)	NEA-Bellingham (21MW)	Mass-Power 1	Mass-Power 2	Chicopee Hydro	Collins Hydro	Boott Hydro	Pioneer Hydro	Pilgrim	SEMASS	SEMASS Expansion	S. O. Adjustment	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O	Col. P
Jan - Mar															
Apr - May															
Jun - Sep															
Oct - Dec															
2004															
Jan - Feb															
Mar															
Apr - Dec															
2005							REDACTED								
2006															
2007															
2008															
2009															
2010															
2011															
2012															
2013															
2014															
2015															
2016															
2017															
2018															
2019															
2020															
2021															
2022															
2023															

Note: Annual above Market = Annual Obligation (p.13) minus Annual Market (p.14)

Commonwealth Electric Company
Transition Charge Calculation
$ in Millions

Year	GWH Delivered	Transition Charge Billed	**Revenues for Delivered GWH**	Total: Fixed Component	Total: Variable Component	Total: Other Adjustment	Prior Year Deferral	Interest on Deferral	**Expenses**	(Over) Under Collection
Col. A	Col. B	Col. C	**Col. D**	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K
2002										$ 81.510
2003	4,173.546	2.819	**$ 117.657**	$ 0.532	$ 138.189	$ (5.762)	$ 81.510	$ 3.122	**$ 217.591**	99.934
2004	**4,202.750**	**1.776**	**74.654**	**0.494**	**108.669**	**1.589**	**99.934**	**2.638**	**213.324**	**138.670**
2005	4,286.805	4.080	**174.902**	0.458	96.822	2.734	138.670	2.288	**240.972**	66.070
2006	4,372.541	3.921	**171.436**	0.418	101.943	1.915	66.070	1.090	**171.436**	-
2007	4,459.992	2.199	**98.097**	0.382	95.804	1.911	-	-	**98.097**	-
2008	4,549.192	2.064	**93.897**	0.343	91.733	1.821	-	-	**93.897**	-
2009	4,640.176	1.878	**87.140**	0.305	84.889	1.946	-	-	**87.140**	-
2010	4,732.980	1.825	**86.384**	-	84.863	1.521	-	-	**86.384**	-
2011	4,827.640	1.776	**85.756**	-	84.551	1.205	-	-	**85.756**	-
2012	4,924.193	1.750	**86.173**	-	85.131	1.042	-	-	**86.173**	-
2013	5,022.677	1.559	**78.290**	-	77.835	0.455	-	-	**78.290**	-
2014	5,123.131	1.494	**76.517**	-	75.990	0.527	-	-	**76.517**	-
2015	5,225.594	1.446	**75.539**	-	75.025	0.514	-	-	**75.539**	-
2016	5,330.106	1.092	**58.196**	-	57.830	0.366	-	-	**58.196**	-
2017	5,436.708	0.268	**14.584**	-	14.138	0.446	-	-	**14.584**	-
2018	5,545.442	0.097	**5.357**	-	4.923	0.434	-	-	**5.357**	-
2019	5,656.351	0.090	**5.094**	-	4.770	0.324	-	-	**5.094**	-
2020	5,769.478	0.087	**5.030**	-	4.612	0.418	-	-	**5.030**	-
2021	5,884.868	0.090	**5.321**	-	4.908	0.413	-	-	**5.321**	-
2022	6,002.565	0.047	**2.803**	-	2.504	0.299	-	-	**2.803**	-
2023	6,122.616	0.019	**1.160**	-	0.755	0.405	-	-	**1.160**	-
2024	6,245.068	0.006	**0.404**	-	-	0.404	-	-	**0.404**	-
2025	6,369.969	0.004	**0.265**	-	-	0.265	-	-	**0.265**	-
2026	6,497.368	0.005	**0.345**	-	-	0.345	-	-	**0.345**	-

Col. B: 2003 - 12 months actual; 2004 5 months actual, 7 months forecast; years 2005 and beyond assumes 2% growth per annum.
Col. C: 2003 & 2004 = Col. D / Col. B; 2005 & 2006 = Maximum Transition Charge rate; Post 2006 = Col. J / Col. B.
Col. D: 2003 per Page 2, Line 15; 2004 - 2006 = Col. B * Col. C; Post 2006 = Col. J.
Col. E: Page 3, Col. H.
Col. F: Page 4, Col. M.
Col. G: Page 5, Col. L.
Col. H: Col. K prior year.
Col. I: Col. H times interest rate on customer deposits; 2002 ending balance = 3.83%; 2003 ending balance = 2.64%; Post 2003 = 1.65%.
Col. J: Sum Cols. E thru I.
Col. K: 2002 per D.T.E. 02-80B (Settlement); 2003 and later = Col. J - Col. D.

Commonwealth Electric Company
Actual 2003 Transition Revenues
$ in Millions

Line	Description	GWH	A/C #	Per Book $	Total
1	2003 Transition Billed Revenues:				
2	Residential Transition	2,064.405	440160	$ 56.348	
3	Commercial Transition	1,734.871	442500	47.014	
4	Industrial Transition	366.634	442430	9.471	
5	Street Light Transition	16.039	444060	0.437	
6	Total Billed Revenues	4,181.949			**$ 113.270**
7	2003 Transition Unbilled Revenues:			Value	
8	Less: Residential Transition Unbilled @ 12/31/02	(91.151)			
9	Plus: Residential Transition Unbilled @ 12/31/03	87.671	440162	$ 2.145	
10	Less: Industrial Transition Unbilled @ 12/31/02	(18.078)			
11	Plus: Industrial Transition Unbilled @ 12/31/03	16.734	442435	0.360	
12	Less: Commercial Transition Unbilled @ 12/31/02	(81.065)			
13	Plus: Commercial Transition Unbilled @ 12/31/03	77.486	442505	1.882	
14	Total Unbilled Revenues	(8.403)			**4.387**
15	Total 2003 Transition Revenues	4,173.546	2.819		**$ 117.657**

Commonwealth Electric Company
Summary of Transition Charge - Fixed Component
$ in Millions

	Commonwealth Electric Company		Residual Value Credit				
Year	Pre-Tax Return on Generation Related Assets	Amortization of Generation Related Assets	Pre-Tax Return on Commonwealth Generation Recovery/(Proceeds)	Amortization of Commonwealth Generation Recovery/(Proceeds)	Pre-Tax Return on Canal Related Generation Recovery/(Proceeds)	Amortization of Canal Related Generation Recovery/(Proceeds)	Net Fixed Component
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H
2003	$ 0.103	$ 0.157	$ 0.041	$ 0.114	$ 0.099	$ 0.018	$ 0.532
2004	0.087	0.157	0.034	0.114	0.084	0.018	0.494
2005	0.071	0.157	0.028	0.114	0.070	0.018	0.458
2006	0.055	0.157	0.022	0.114	0.052	0.018	0.418
2007	0.039	0.157	0.015	0.114	0.039	0.018	0.382
2008	0.023	0.157	0.009	0.114	0.022	0.018	0.343
2009	0.008	0.152	0.003	0.110	0.008	0.024	0.305

Note: Amounts per Exhibit COM-JFL-2(DTE 03-118(Supp)).
Col. H = Sum of Columns B through G.

Commonwealth Electric Company
Summary of Transition Charge - Variable Component
$ in Millions

Year	Actual Nuclear Decomm	Actual Power Total Obligations	Actual Power Contracts Market Value	Net Power Obligation	Actual Transmission In Support Of Remote Generating Units	Actual Power Contract Buyouts	Actual Payments in Lieu of Property Taxes	Revenue Credits & Damages, Costs, or net Recoveries	Wholesale Credits/Debits	Rate Design Adjustment	Reversal of Prior Year Rate Design Adjustment	Actual Total Variable Component
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M
2003												
2004												
2005												
2006												
2007												
2008												
2009												
2010												
2011												
2012												
2013												
2014												
2015												
2016												
2017												
2018												
2019												
2020												
2021												
2022												
2023												

REDACTED

Legend:

Col. B: Page 6, Col. E.
Col. C: 2003 - Exhibit COM-JFL-4, Page 3, Line 16(DTE 03-118(Supp)); 2004 - 2023 - Page 13.
Col. D: 2003 - Exhibit COM-JFL-4, Page 2, Line 20(DTE 03-118(Supp)); 2004 - 2023 - Page 14.
Col. E: Col. C - Col. D.
Col. F: Page 7, Col. G.
Col. G: CPC Lowell buyout payment, 54 months starting December 1999. 2003 includes Seabrook Buyout Adjustment = ($0.280).
Col. H: Commonwealth's 11% share of the Boston Edison Pilgrim property tax liability.
Col. I: Commonwealth's 11% share of the Boston Edison Pilgrim NEIL credit, Maxey Flats payment and DOE/SNF Legal Fees.
Col. K: Exhibit COM-HCL-6.
Col. L: Reversal of Prior Year Rate Design Adjustment (-Col. K(prior year)).
Col. M: Col. B + Col. E + Col. F + Col. G + Col. H + Col. I + Col. J + Col. K + Col. L.

Commonwealth Electric Company
Summary of Transition Charge - Other Adjustments
$ in Millions

					Mitigation Incentive						
Year	EIS Return on Investment Adjustment	Mitigation Incentive Adjustment	Gain on Sale of Utility Land	Other Adjustment	Hydro Quebec Transmission	Fixed Component (Page 8)	Lowell Cogen. Buyout (Page 9)	Pilgrim Contract Buyout (Page 10)	Seabrook Buydown (Page 11)	Seabrook Buyout (Page 12)	Total Other Adjustments
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L
2003	$ (7.296)	$ 0.007	$ (0.001)	$ -	$ 0.020	$ 0.237	$ (0.105)	$ 0.670	$ 0.510	$ 0.196	$ (5.762)
2004	-	(0.127)	-	-	0.013	0.231	0.327	0.524	0.496	0.125	1.589
2005	-	0.700	-	-	0.012	0.226	0.419	0.712	0.483	0.182	2.734
2006	-	-	-	-	0.012	0.221	0.430	0.604	0.468	0.180	1.915
2007	-	-	-	-	0.012	0.216	0.439	0.687	0.456	0.101	1.911
2008	-	-	-	-	0.012	0.211	0.447	0.549	0.441	0.161	1.821
2009	-	-	-	-	-	0.206	0.464	0.677	0.427	0.172	1.946
2010	-	-	-	-	-	-	0.476	0.548	0.414	0.083	1.521
2011	-	-	-	-	-	-	-	0.647	0.400	0.158	1.205
2012	-	-	-	-	-	-	-	0.492	0.385	0.165	1.042
2013	-	-	-	-	-	-	-	-	0.374	0.081	0.455
2014	-	-	-	-	-	-	-	-	0.359	0.168	0.527
2015	-	-	-	-	-	-	-	-	0.345	0.169	0.514
2016	-	-	-	-	-	-	-	-	0.333	0.033	0.366
2017	-	-	-	-	-	-	-	-	0.319	0.127	0.446
2018	-	-	-	-	-	-	-	-	0.303	0.131	0.434
2019	-	-	-	-	-	-	-	-	0.293	0.031	0.324
2020	-	-	-	-	-	-	-	-	0.277	0.141	0.418
2021	-	-	-	-	-	-	-	-	0.262	0.151	0.413
2022	-	-	-	-	-	-	-	-	0.252	0.047	0.299
2023	-	-	-	-	-	-	-	-	0.236	0.169	0.405
2024	-	-	-	-	-	-	-	-	0.219	0.185	0.404
2025	-	-	-	-	-	-	-	-	0.204	0.061	0.265
2026	-	-	-	-	-	-	-	-	0.185	0.160	0.345

Col. B: Amount received from E.I.S. - November 2003.
Col. C: 2003 adjustment to actual of Column I and 4 percent of Seabrook Buyout Adjustment.
2004 forecasted adjustment to Column H.
2005 NPV of 4% of MassPower saving (page 16, column G).
Col. D: Adjustment to Net Proceeds for Sale of Land at 15 Church Street, Tisbury, MA.
Col. F: Equals 4 percent of Page 7, Col. E.

Commonwealth Electric Company Share of
Summary of Transition Charge - Decommissioning
$ in Millions

Year Col. A	Seabrook Unit 1 Col. B	Seabrook Unit 2 Col. C	Yankee Atomic Col. D	Total Col. E
2003 *	$ -	$ -	$ 0.811	$0.811
2004 **	-	-	1.387	1.387
2005	-	-	1.391	1.391
2006	-	-	0.350	0.350
2007	-	-	0.350	0.350
2008	-	-	0.350	0.350
2009	-	-	0.350	0.350
2010	-	-	0.350	0.350
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-

* 12 months actual.
** 5 months actual, 7 months forecast.
Note: Col. B & Col. C subject to final reconciliation of sale transaction.

Commonwealth Electric Company
Transmission in Support of Remote Generation
$ in Millions

Year	Seabrook 1	Hydro Quebec Phase 1	Hydro Quebec Phase 2	Hydro Quebec Mitigation	Wyman 4	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G
2003 *	$0.002	$0.299	$1.797	($0.489)	$ -	$1.609
2004 **	-	0.299	1.723	(0.322)	-	1.700
2005	-	0.291	1.904	(0.300)	-	1.895
2006	-	0.153	1.885	(0.300)	-	1.738
2007	-	0.086	1.865	(0.300)	-	1.651
2008	-	0.088	1.847	(0.300)	-	1.635
2009	-	0.091	1.829		-	1.920
2010	-	0.094	1.813		-	1.907
2011	-	0.096	1.796			1.892
2012	-	0.099	1.781			1.880
2013	-	0.102	1.767			1.869
2014	-	0.104	1.758			1.862
2015	-	0.107	1.760			1.867
2016	-	0.111	1.344			1.455
2017	-	0.114	1.450			1.564
2018	-	0.117	1.486			1.603
2019	-	0.121	1.523			1.644
2020	-	0.125	1.562			1.687
2021	-	0.129	2.061			2.190
2022	-					-
2023	-					-
2024	-					-
2025	-					-
2026	-					-

* 12 months actual.
** 5 months actual, 7 months forecast.

Commonwealth Electric Company
Transition Charge Mitigation Incentive Summary - Fixed
$ in Millions

Line		2003	2004	2005	2006	2007	2008	2009
1	Residual Value Credit (Debit):							
2	Commonwealth (Exhibit 2, Page 3, Line 33) Total Proceeds	($0.155)	($0.148)	($0.142)	($0.136)	($0.129)	($0.123)	($0.113)
3	Canal (Exhibit 2, Page 4, Line 29) Excess Proceeds	32.707	31.921	31.134	30.348	29.561	28.775	27.986
4	Commonwealth (Exhibit 2, Page 5, Line 6) Pilgrim Buyout	(11.448)	(11.173)	(10.898)	(10.621)	(10.346)	(10.071)	(9.802)
5	Commonwealth (Exhibit 2, Page 10, Line 29) PREA Buyout	(0.248)	(0.242)	(0.236)	(0.230)	(0.225)	(0.219)	(0.208)
6	Commonwealth (Exhibit 2, Page 11, Line 29) Seabrook Buydown	(14.681)	(14.328)	(13.975)	(13.622)	(13.269)	(12.915)	(12.563)
7	Total	6.175	6.030	5.883	5.739	5.592	5.447	5.300
8								
9	Less - Owned Generation per Compliance Filing:							
10	Commonwealth (Exhibit 2, Page 2, Line 28) Embedded Cost	0.260	0.244	0.228	0.212	0.196	0.180	0.160
11								
12	Net Incremental Gain on Sale of Owned Gen (L7 - L10)	5.915	5.786	5.655	5.527	5.396	5.267	5.140
13								
14	Transition Charge Mitigation Incentive Mechanism @ 4%	$0.237	$0.231	$0.226	$0.221	$0.216	$0.211	$0.206

Commonwealth Electric Company
Transition Charge Mitigation Incentive Mechanism - Lowell Cogen Buyout
$ in Millions

	Original Forecast			Revised Forecast				
Year	Power Contract Total Obligation	Assumed Market Value	Assumed Excess Over Market	Future Power Contract Buyouts	Total Mitigation	Transition Charge Mitigation Incentive @ 4%	Estimated GWH Sales	Impact on Transition Charge (cents/kwh)
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I
2003	$13.384	$3.264	$10.120	$12.741	($2.621)	($0.105)	4,173.546	(0.00252)
2004	13.685	3.379	10.306	2.124	8.182	0.327	4,202.750	0.00778
2005	14.015	3.528	10.487		10.487	0.419	4,286.805	0.00977
2006	14.368	3.626	10.742		10.742	0.430	4,372.541	0.00983
2007	14.747	3.767	10.980		10.980	0.439	4,459.992	0.00984
2008	15.145	3.963	11.182		11.182	0.447	4,549.192	0.00983
2009	15.576	3.967	11.609		11.609	0.464	4,640.176	0.01000
2010	16.031	4.138	11.893		11.893	0.476	4,732.980	0.01006

Column Notes:

Col. B: See DTE 98-78, Schedule 1, Page 11, Column (8).
Col. C: See DTE 98-78, Schedule 1, Page 12, Column (8) times NERA Base Load Market Forecast.
Col. D: Col. B - Col. C.
Col. E: See DTE 99-65 for revised amounts
Col. F: Col. D - Col. E.
Col. G: Col. F Multiplied by 4%.
Col. H: 2003- 2010, see Page 1, Col. B.
Col. I: Col. G/Col. H Multiplied by 100.

Commonwealth Electric Company
Transition Charge Mitigation Incentive Mechanism - Pilgrim Contract Buyout
$ in Millions

	Original Forecast					Revised Forecast						
Year	Nuclear Decommissioning Costs	Power Contract Total Obligation	Assumed Market Value	Assumed Excess Over Market	Total Filed Case	Power Contract Total Obligation	Assumed Market Value	Assumed Excess Over Market	Total Mitigation	Transition Charge Mitigation Incentive @ 4%	Estimated GWH Sales	Impact on Transition Charge (cents/kwh)
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M
2003	$3.836	$33.707	$18.883	$14.824	$18.660	$11.238	$9.325	$1.913	$16.747	$0.670	4,173.546	0.01605
2004	3.951	33.861	21.842	12.019	15.970	13.718	10.859	2.859	13.111	0.524	4,202.750	0.01247
2005	4.069	34.135	20.405	13.730	17.799			-	17.799	0.712	4,286.805	0.01661
2006	4.191	34.339	23.437	10.902	15.093			-	15.093	0.604	4,372.541	0.01381
2007	4.317	34.655	21.791	12.864	17.181			-	17.181	0.687	4,459.992	0.01540
2008	4.447	34.907	25.617	9.290	13.737			-	13.737	0.549	4,549.192	0.01207
2009	4.580	35.300	22.947	12.353	16.933			-	16.933	0.677	4,640.176	0.01459
2010	4.717	35.733	26.744	8.989	13.706			-	13.706	0.548	4,732.980	0.01158
2011	4.859	36.082	24.756	11.326	16.185			-	16.185	0.647	4,827.640	0.01340
2012	5.005	35.327	28.024	7.303	12.308			-	12.308	0.492	4,924.193	0.00999

Column Notes:

Col. B: Restated per new Pilgrim decommissioning forecast in DTE 98-126.
Col. C: See DTE 98-78, Schedule 1, Page 11, Column (1).
Col. D: See DTE 98-78, Schedule 1, Page 12, Column (1) times NERA Base Load Market Forecast.
Col. E: Col. C - Col. D.
Col. F: Col. B + Col. E.
See DTE 98-126 for revised amounts for Cols. G through I.
Col. J: Col. F - Col. I.
Col. K: Col. J Multiplied by 4%.
Col. L: 2003 - 2012, see Page 1, Col. B.
Col. M: Col. K/Col. L Multiplied by 100.

Commonwealth Electric Company
Transition Charge Mitigation Incentive Mechanism - Seabrook Buydown
$ in Millions

	Original Forecast			Revised Forecast						
Year	Power Contract Total Obligation	Assumed Market Value	Assumed Excess Over Market	Power Contract Total Obligation	Assumed Market Value	Assumed Excess Over Market	Total Mitigation	Transition Charge Mitigation Incentive @ 4%	Estimated GWH Sales	Impact on Transition Charge (cents/kwh)
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K
2003	$25.689	$8.813	$16.876	$12.950	$8.813	$4.137	$12.739	$0.510	4,173.546	0.01222
2004	24.848	10.091	14.757	12.438	10.091	2.347	12.410	0.496	4,202.750	0.01180
2005	25.333	9.523	15.810	13.267	9.523	3.744	12.066	0.483	4,286.805	0.01127
2006	25.170	9.789	15.381	13.472	9.789	3.683	11.698	0.468	4,372.541	0.01070
2007	24.321	11.249	13.072	12.927	11.249	1.678	11.394	0.456	4,459.992	0.01022
2008	24.889	10.700	14.189	13.862	10.700	3.162	11.027	0.441	4,549.192	0.00969
2009	24.779	10.709	14.070	14.103	10.709	3.394	10.676	0.427	4,640.176	0.00920
2010	23.871	12.355	11.516	13.514	12.355	1.159	10.357	0.414	4,732.980	0.00875
2011	24.569	11.554	13.015	14.559	11.554	3.005	10.010	0.400	4,827.640	0.00829
2012	24.473	11.705	12.768	14.840	11.705	3.135	9.633	0.385	4,924.193	0.00782
2013	23.551	13.184	10.367	14.204	13.184	1.020	9.347	0.374	5,022.677	0.00745
2014	24.355	12.242	12.113	15.381	12.242	3.139	8.974	0.359	5,123.131	0.00701
2015	24.331	12.564	11.767	15.715	12.564	3.151	8.616	0.345	5,225.594	0.00660
2016	23.343	14.310	9.033	15.027	14.310	0.717	8.316	0.333	5,330.106	0.00625
2017	24.310	13.316	10.994	16.347	13.316	3.031	7.963	0.319	5,436.708	0.00587
2018	24.315	13.589	10.726	16.739	13.589	3.150	7.576	0.303	5,545.442	0.00546
2019	23.302	15.336	7.966	15.987	15.336	0.651	7.315	0.293	5,656.351	0.00518
2020	24.414	14.094	10.320	17.489	14.094	3.395	6.925	0.277	5,769.478	0.00480
2021	24.524	14.329	10.195	17.974	14.329	3.645	6.550	0.262	5,884.868	0.00445
2022	23.461	16.126	7.335	17.165	16.126	1.039	6.296	0.252	6,002.565	0.00420
2023	24.818	14.834	9.984	18.916	14.834	4.082	5.902	0.236	6,122.616	0.00385
2024	25.055	15.100	9.955	19.585	15.100	4.485	5.470	0.219	6,245.068	0.00351
2025	23.479	16.998	6.481	18.376	16.998	1.378	5.103	0.204	6,369.969	0.00320
2026	24.106	15.639	8.467	19.474	15.639	3.835	4.632	0.185	6,497.368	0.00285

Column Notes:

Col. B: See DTE 98-78, Schedule 1, Page 11, Column (2).
Col. C: See DTE 98-78, Schedule 1, Page 12, Column (2) times NERA Base Load Market Forecast.
Col. D: Col. B - Col. C.
See DTE 99-89 for revised amounts for Cols. E through G.
Col. H: Col. D - Col. G.
Col. I: Col. H Multiplied by 4%.
Col. J: 2003 - 2026, see Page 1, Col. B.
Col. K: Col. I/Col. J Multiplied by 100.

Commonwealth Electric Company
Transition Charge Mitigation Incentive Mechanism - Seabrook Buyout
$ in Millions

	Original Forecast						Revised Forecast				
Year	Nuclear Decommissioning Costs	Power Contract Total Obligation	Assumed Market Value	Assumed Excess Over Market	Transmission in Support of Remote Generation	Total Filed Case	Future Power Contract Buyouts	Total Mitigation	Transition Charge Mitigation Incentive @ 4%	Estimated GWH Sales	Impact on Transition Charge (cents/kwh)
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L
2003	$0.565	$12.950	$8.813	$4.137	$0.186	$4.888	$ -	$4.888	$0.196	4,173.546	0.00470
2004	0.588	12.438	10.091	2.347	0.184	3.119		3.119	0.125	4,202.750	0.00297
2005	0.614	13.267	9.523	3.744	0.182	4.540		4.540	0.182	4,286.805	0.00425
2006	0.639	13.472	9.789	3.683	0.180	4.502		4.502	0.180	4,372.541	0.00412
2007	0.666	12.927	11.249	1.678	0.178	2.522		2.522	0.101	4,459.992	0.00226
2008	0.695	13.862	10.700	3.162	0.175	4.032		4.032	0.161	4,549.192	0.00354
2009	0.723	14.103	10.709	3.394	0.173	4.290		4.290	0.172	4,640.176	0.00371
2010	0.754	13.514	12.355	1.159	0.171	2.084		2.084	0.083	4,732.980	0.00175
2011	0.785	14.559	11.554	3.005	0.169	3.959		3.959	0.158	4,827.640	0.00327
2012	0.819	14.840	11.705	3.135	0.167	4.121		4.121	0.165	4,924.193	0.00335
2013	0.852	14.204	13.184	1.020	0.165	2.037		2.037	0.081	5,022.677	0.00161
2014	0.888	15.381	12.242	3.139	0.163	4.190		4.190	0.168	5,123.131	0.00328
2015	0.924	15.715	12.564	3.151	0.161	4.236		4.236	0.169	5,225.594	0.00323
2016	(0.014)	15.027	14.310	0.717	0.111	0.814		0.814	0.033	5,330.106	0.00062
2017	(0.013)	16.347	13.316	3.031	0.145	3.163		3.163	0.127	5,436.708	0.00234
2018	(0.013)	16.739	13.589	3.150	0.145	3.282		3.282	0.131	5,545.442	0.00236
2019	(0.011)	15.987	15.336	0.651	0.146	0.786		0.786	0.031	5,656.351	0.00055
2020	(0.011)	17.489	14.094	3.395	0.147	3.531		3.531	0.141	5,769.478	0.00244
2021	(0.010)	17.974	14.329	3.645	0.148	3.783		3.783	0.151	5,884.868	0.00257
2022	(0.009)	17.165	16.126	1.039	0.149	1.179		1.179	0.047	6,002.565	0.00078
2023	(0.007)	18.916	14.834	4.082	0.151	4.226		4.226	0.169	6,122.616	0.00276
2024	(0.007)	19.585	15.100	4.485	0.155	4.633		4.633	0.185	6,245.068	0.00296
2025	(0.006)	18.376	16.998	1.378	0.157	1.529		1.529	0.061	6,369.969	0.00096
2026	(0.004)	19.474	15.639	3.835	0.159	3.990		3.990	0.160	6,497.368	0.00246

Column Notes:

Col. B: See DTE 01-79, Exhibit COM-BKR-1, Page 6, Columns B & C.
Col. C: See Page 11, Column E.
Col. D: See Page 11, Column F.
Col. E: Col. C - Col. D.
Col. F: See DTE 99-90, Schedule 1, Page 7, Column (2).
Col. G: Col. B + Col. E + Col. F.
Col. H: Estimated Buyout Amount per DTE 02-34.
Col. I: Col. G - Col. H.
Col. J: Col. I Multiplied by 4%.
Col. K: See Page 1, Col. B.
Col. L: Col. J/Col. K Multiplied by 100.

Commonwealth Electric Company
Power Contract Obligations
Annual Obligations in Millions of Dollars

Year	Dartmouth Power	Altresco-Pittsfield	NEA-Bellingham (25MW)	NEA-Bellingham (21MW)	Mass-Power 1	Mass-Power 2	Chicopee Hydro	Collins Hydro	Boott Hydro	Pioneer Hydro	Pilgrim	SEMASS	SEMASS Expansion	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O
Jan - Mar														
Apr - May														
Jun - Sep														
Oct - Dec														
2004														
Jan - Feb														
Mar														
Apr - Dec														
2005														
2006														
2007														
2008														
2009														
2010														
2011														
2012														
2013														
2014														
2015														
2016														
2017														
2018														
2019														
2020														
2021														
2022														
2023														

REDACTED

Note: Updated from COM-JFL-3 (supp) in D.T.E. 03-118 with latest forecast from CEA adjusted for buyout of Altresco/Pittsfield.
Differences from NSTAR-COM-GOL-3 indicated by shading.

Commonwealth Electric Company
Power Contract Obligations
Annual Market in Millions of Dollars

Year	Dartmouth Power	Altresco-Pittsfield	NEA-Bellingham (25MW)	NEA-Bellingham (21MW)	Mass-Power 1	Mass-Power 2	Chicopee Hydro	Collins Hydro	Boott Hydro	Pioneer Hydro	Pilgrim	SEMASS	SEMASS Expansion	S. O. Adjustment	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O	Col. P
Jan - Mar															
Apr - May															
Jun - Sep															
Oct - Dec															
2004															
Jan - Feb															
Mar															
Apr - Dec															
2005															
2006															
2007															
2008															
2009															
2010															
2011															
2012															
2013															
2014															
2015															
2016															
2017															
2018															
2019															
2020															
2021															
2022															
2023															

REDACTED

Note: Cols B thru N are updated from CAM-JFL-3 (supp) in D.T.E. 03-118 with latest forecast from CEA, adjusted for Altresco/Pittsfield buyout.
Col.O = Col.P minus Cols. B thru N for Jan 2004 through Feb 2005
Col.P for Jan 2004 through Feb 2005 (Standard Offer period) is equal to the transfer price from DTE 04-60 NSTAR-COM-GOL-5 & 7 (page 1, line 7)
Col.P for March 2005 onwards = sum Col. B thru Col. N
Differences from NSTAR-COM-GOL-3 indicated by shading.

Commonwealth Electric Company
Power Contract Obligations
Annual Above Market in Millions of Dollars

Year	Dartmouth Power	Altresco-Pittsfield	NEA-Bellingham (25MW)	NEA-Bellingham (21MW)	Mass-Power 1	Mass-Power 2	Chicopee Hydro	Collins Hydro	Boott Hydro	Pioneer Hydro	Pilgrim	SEMASS	SEMASS Expansion	S. O. Adjustment	Total
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L	Col. M	Col. N	Col. O	Col. P
Jan - Mar															
Apr - May															
Jun - Sep															
Oct - Dec															
2004															
Jan - Feb															
Mar															
Apr - Dec															
2005															
2006															
2007															
2008															
2009															
2010															
2011															
2012															
2013															
2014															
2015															
2016															
2017															
2018															
2019															
2020															
2021															
2022															
2023															

REDACTED

Note: Annual above Market = Annual Obligation (p.13) minus Annual Market (p.14)
Differences from NSTAR-COM-GOL-3 indicated by shading.

Commonwealth Electric Company
Transition Charge Mitigation Incentive Mechanism - MassPower Buyout
$ in Millions

	Original Forecast			Revised Forecast				
Year	Power Contract Total Obligation	Assumed Market Value	Assumed Excess Over Market	Future Power Contract Buyouts	Total Mitigation	Transition Charge Mitigation Incentive @ 4%	Estimated GWH Sales	Impact on Transition Charge (cents/kwh)
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I
2003								
2004								
2005								
2006				**REDACTED**				
2007								
2008								
2009								
2010								
2011								
2012								
2013								

Column Notes:

Col. B: See Exhibit NSTAR-COM-GOL-3, Page 13, Col. C.
Col. C: See Exhibit NSTAR-COM-GOL-3, Page 14, Col. C.
Col. D: Col. B - Col. C.
Col. E: See Page 15, Col. C.
Col. F: Col. D - Col. E.
Col. G: Col. F Multiplied by 4%.
Col. H: 2003- 2011, see Page 1, Col. B.
Col. I: Col. G/Col. H Multiplied by 100.

BOSTON EDISON COMPANY
COMMONWEALTH ELECTRIC COMPANY
d/b/a NSTAR ELECTRIC

Direct Testimony of Robert B. Hevert on MASSPOWER Terminations

Exhibit NSTAR-RBH

D.T.E. 04-61

I. INTRODUCTION

Q. Please state your name, affiliation and business address.

A. My name is Robert B. Hevert and I am President of Concentric Energy Advisors, Inc. ("CEA"), located at 313 Boston Post Road West, Suite 210, Marlborough, Massachusetts 01752.

Q. On whose behalf are you submitting this direct testimony?

A. I am submitting this testimony on behalf of Boston Edison Company ("Boston Edison") and Commonwealth Electric Company ("Commonwealth") (together with Cambridge Electric Light Company ("Cambridge"), "NSTAR Electric" or the "Company").

Q. Please describe the nature of the services provided by CEA.

A. CEA is a management consulting and economic advisory firm focused on the North American energy and water industries. CEA specializes in transaction-related financial advisory services including merger, acquisition and divestiture engagements, as well as strategic and management consulting services. Prior to CEA, the majority of CEA's staff were members of Reed Consulting Group ("RCG"), which subsequently was acquired by Navigant Consulting, Inc. ("NCI").

Since 1997, CEA staff members have advised either the seller or a prospective buyer of physical or contractual generation assets in numerous transactions. On the sell side, CEA's staff has provided advisory services in transactions with an aggregate value in excess of $20 billion**.** Specific sell-side engagements for power purchase agreements ("PPAs") on which CEA staff members have worked include the NSTAR Electric 1999 auction process for its PPA Entitlements, Standard Offer and Default Service supply, as well as Niagara Mohawk Power Corporation's 2000 auction for approximately 6,000 megawatts ("MW") of contracted capacity.

More recently, CEA served as sell-side advisor to Rochester Gas and Electric in its R.E. Ginna nuclear power plant sale, which included a long-term PPA for energy and capacity associated with the plant. Other transactions including physical and contractual assets for which CEA staff members had been retained include: Boston Edison's fossil fuel-fired generation assets; Boston Edison's Pilgrim nuclear station; Eastern Utilities Associates fossil and hydro generating assets; Central Hudson Gas and Electric; GPU fossil, hydro, development properties and GENCo divestiture; GPU Oyster Creek nuclear station; Potomac Electric Power Company generation assets and power contracts; Nine Mile Point Units 1 and 2; and Conectiv's fossil and nuclear generating assets. On the buy-side, CEA staff members have represented or otherwise supported numerous confidential clients in the assessment and valuation of various merchant and utility generating resources.

Q. What services have CEA staff members provided on the sell-side of generation divestiture transactions specifically regarding PPAs?

A. On the sell side of power contracts and entitlements, CEA staff members have been involved in all aspects of the auction process, from process design to transaction closing.

Those responsibilities have included: developing the overall sales process; enhancing market interest in the assets being sold through the development of detailed offering materials; assisting the seller in establishing the transaction terms; managing the due diligence process; reviewing transaction documents; reviewing and analyzing round bids; assisting in negotiations with bidders; providing financial valuations of the assets; and assisting in obtaining required regulatory and corporate approvals, including the preparation and delivery of fairness opinions. In that regard, CEA staff members have provided testimony in several jurisdictions regarding auction processes and the fair value of assets.

Q. Do CEA staff members have experience in evaluating contractual resources other than in divestiture-related auctions?

A. Yes. In addition to the divestiture experience described above, CEA staff members have worked with various confidential clients to develop or assess resource portfolio optimization and generation strategies. Those clients include regulated utilities, non-regulated generation companies, and municipal utilities. In many instances, these clients required valuations of their generation resources, both physical and contractual, for the purposes of financing, strategy development, resource planning, or transaction planning.

Q. Please describe your professional experience.

A. I have served as an executive and manager with other consulting firms (RCG and NCI), and as an officer of Bay State Gas Company. I have provided testimony regarding strategic and financial matters before state several utility regulatory agencies, and have advised numerous clients on all aspects of generation asset acquisition and divestiture transactions on both the buy and sell-side. Among other transactions, my sell-side advisory experience includes the fall 1999 initial auction of the NSTAR Electric power contracts. A summary of my professional and educational background is attached as Exhibit NSTAR-RBH-1.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to describe the Company's auction process for the sale or transfer of its rights to 24 Power Purchase Agreements (the "PPA Entitlements" or the "Contracts"), and to support the Company's testimony as to the results of that process. In particular, my testimony will address the results of the auction process for the MASSPOWER PPA Entitlements (collectively referred to herein as the "MASSPOWER Contracts").

Q. Please summarize your testimony.

A. Following this introduction, I describe the circumstances leading up to the Company's divestiture, discuss the auction's overall design and implementation, and provide an overview of the results of the auction process. My testimony will also address the auction structure relative to the standards established by the Department of Telecommunications and Energy (the "Department") in accordance with the Electric Restructuring Act (the "Act").

II. DESCRIPTION OF AUCTION PROCESS

Q. Why did the Company choose to auction the PPA Entitlements at this time?

A. The Company chose to auction its PPA Entitlements for a number of reasons. In accordance with the terms of the Department-approved Restructuring Settlement (for Boston Edison) and the Department-approved Restructuring Plan (for Cambridge and Commonwealth), NSTAR Electric was obligated to divest its fossil, nuclear and contractual generation resources. Although it completed the divestiture of its fossil and nuclear generation resources, the Company has not been able to complete the transfer of all of its contractual resources. Indeed, during 1999 and into 2000, the Company conducted auctions of its portfolio of power contracts, but did not enter into any definitive agreements as a result of that process. In 2003, the Company decided to re-auction its PPA Entitlements with the intent of transferring or otherwise divesting the contracts if the resulting transactions were likely to mitigate the above-market costs associated with those contracts.

Q. How did the Company develop its PPA Entitlement divestiture program?

A. The Company began developing the current PPA Entitlement divestiture program in July, 2003 when it established a team of employees whose objective it was to develop and implement a process designed to mitigate, to the greatest possible extent, the above-market costs associated with the Contracts. The divestiture team, which had responsibility for four major areas: (1) Developing the Offering Memorandum and Early Interest Package; (2) Marketing, communications, and bidder support; (3) Conducting the

Auction; and (4) Bid Evaluation and Recommendations, included Company employees and consultants from CEA. Throughout the process, the divestiture team met weekly (in face-to-face meetings or via conference call) to ensure that all aspects of the process were integrated and coordinated, and to maintain communication among all parties. In addition, the divestiture team periodically met with Company management to report progress and to make decisions critical to the auction process.

Q. The auction process has taken nearly one year from the initial planning stage to the signing of transaction agreements. Please explain why that schedule is reasonable.

A. I believe this schedule is reasonable for several reasons. First, the auction of a portfolio of power contracts is an extremely complex transaction due to the myriad legal, tax, accounting, marketing, regulatory and valuation issues, each of which must be thoroughly developed and vetted at the outset of the process. In addition, as explained later in my testimony, the Company encouraged bidders to submit bids on any combination of contracts in order to maximize the value of the portfolio. While the advantage of that bidding structure was to heighten the competitive pressure among bidders, it also complicated and lengthened the amount of time needed to adequately review and negotiate competing bids.

Q. Please describe the Company's objectives for the PPA Entitlement divestiture process.

A. The Company and CEA sought to design an auction that was equitable and structured to maximize the mitigation of transition costs associated with the Contracts. As such, our objective was to implement a process that ensured complete, uninhibited, non-discriminatory access to all data and information by any or all interested parties seeking to participate. Accordingly, the primary objectives of the divestiture process included:

- Minimizing the above-market costs associated with the PPA Entitlements;
- Developing, implementing and maintaining the most competitive auction process possible;
- Ensuring fair treatment of all bidders;
- Ensuring that the auction process was timely, efficient, and unbiased.

Q. Please describe the specific responsibilities of the divestiture team.

A. As noted earlier, the divestiture team had responsibility for four major areas: (1) Developing the Offering Memorandum and Early Interest Package; (2) Marketing, communications, and bidder support; (3) Conducting the Auction; and (4) Bid Evaluation and Recommendations.

Q. What were the team's responsibilities regarding communications?

A. The team's overall communications objective was to manage internal and external communications regarding the auction process. More specifically, the team was responsible for managing communications with Company management, developing press releases and responding to media calls.

Q. What were the team's responsibilities with respect to marketing, due diligence, and bidder support?

A. These responsibilities included all activities associated with marketing the PPA Entitlements. Such activities included identifying the target market, developing and delivering marketing materials, and soliciting expressions of interest through direct mail, and telephonic contact. These activities also included drafting the Early Interest Package and Offering Memorandum, negotiating and executing Confidentiality Agreements, evaluating bidder qualifications, preparing bid instructions, and analyzing all bids. Throughout the auction process, the team also focused on treating all bidders consistently and fairly.

The team was also responsible for managing the due diligence process, including the preparation of documentation CD-ROMs, managing bidder questions and answers ("Q&As"), and participating in or facilitating meetings or conference calls between individual bidders and company personnel. The due diligence process, which is discussed in more detail later in my testimony, was designed to ensure that each bidder received the information necessary to satisfactorily complete its evaluation of the PPA Entitlements, and that such information was provided in a consistent, timely, and equitable manner.

As discussed later in my testimony, CEA staff members supported bidders throughout the due diligence process by serving as "bidder representatives". That is, each bidder was assigned a specific CEA staff member to whom all questions and scheduling issues were directed. The bidder representatives worked with their respective bidders to resolve any unanswered questions and to schedule meetings or conference calls with Company personnel.

Q. Please describe the team's responsibilities as they relate to terms of sale.

A. The divestiture team was responsible for developing the principal terms of the transaction documents. In that role, the divestiture team worked closely with the Company to develop the key transaction parameters. The team's primary objectives for the transaction terms were to maximize the mitigation of transition costs associated with the PPA Entitlements.

Q. What are the divestiture team's responsibilities with respect to the closing process?

A. The divestiture team is responsible for all activities after the execution of transaction documents through final closing. CEA provided analysis, recommendations and support through the negotiations, which NSTAR Electric conducted. The team will continue to support the legal advisors and will seek the expeditious approval of the transaction.

Q. Please provide an overview of the auction process used to market the PPA Entitlements.

A. The auction process was developed with the primary objective of mitigating, to the greatest extent possible, the above-market costs associated with the PPA Entitlements. Accordingly, the process was designed to be a fair, unbiased process in which bidders would have the ability and opportunity to maximize the value of their respective bids. Initially, CEA undertook an aggressive preliminary marketing campaign during which interest in the PPA Entitlements was developed and solicited from numerous potential bidders. Throughout the auction process, substantial amounts of information and documentation relating to the PPA Entitlements, together with ongoing due diligence support, were provided to all qualified bidders. At the end of the bid process, bidders submitted their bids, including both pricing and contractual terms ("Bids"). A time line and overview of the auction process is provided in Exhibit NSTAR-RBH-2.

Q. How did the Company initially market the PPA Entitlements?

A. The initial marketing phase began on October 1, 2003 when NSTAR Electric publicly announced its intention to sell or transfer the 24 PPA Entitlements. Following that announcement, an Early Interest Package was sent to approximately 90 potential bidders including the counterparties to the PPAs, global, national and regional energy companies, unregulated affiliates of electric and gas utility companies, project developers, energy marketers, financial advisors and investment firms.

Q. Please describe the Early Interest Package.

A. The Early Interest Package included an Early Interest Letter ("EIL"), a Confidentiality Agreement, and a Request for Qualifications ("RFQ"). Copies of all documents are included as NSTAR-RBH-3. The EIL provided a brief description of the PPA Entitlements, a general overview of the regional market, and contact instructions for interested parties seeking additional information regarding the Contracts or wishing to participate in the bidding process. The EIL also encouraged interested parties to consider bidding on any or all of the PPA Entitlements. The broad distribution of the EIL Package and the direct marketing efforts undertaken by CEA were intended to maximize the likelihood of participation by the largest and most competitive group of qualified bidders.

Q. Were prospective bidders required to execute any documents to be admitted into the auction process?

A. Yes. Bidders were required to execute a Confidentiality Agreement as a condition of receiving any further information regarding the PPA Entitlements. As discussed below, bidders were also required to submit a completed Qualifications Package in order to be considered "Qualified Bidders."

Q. How many responses did the Company receive in response to the Early Interest Package?

A. Over the period beginning October 1, 2003 and ending November 15, 2003, CEA and the Company received responses from and negotiated Confidentiality Agreements with 25 interested parties. The Company subsequently received complete qualifications packages from the 25 parties that signed Confidentiality Agreements.

Q. Why was the Confidentiality Agreement important to the auction process?

A. For any competitive bidding process to be effective, all parties must be confident that the process is fair to all participants and that it will produce a conclusive result. To that end, all bidders must have equal access to relevant information regarding the subject assets. The Confidentiality Agreement provided a means by which the Company was able to provide such information to bidders without otherwise adversely affecting either the Company or the prospective counterparties. Among other provisions, the Confidentiality

Agreement provided that bidders were precluded from disclosing the information obtained in the auction process to any other party, and from using the information for any purpose other than evaluating the PPA Entitlements. As noted above, the execution of the Confidentiality Agreement was a prerequisite for participation in the auction process.

Q. Has the Company disclosed the names of the bidders?

A. No. With the exception of the announcement of the winning bidders for individual contracts, the bidders' names have continued to be, and will continue to be, treated as confidential.

Q. How did the Company evaluate the interested parties' qualifications?

A. The Qualifications Package was designed to provide the Company and CEA specific financial, legal and operating information regarding the bidder or bidding group, as the case may be. The intent of the RFQ and the qualification process was to ensure that all bidders selected for participation in the process had the operating and financial wherewithal required to assume and administer the PPA Entitlements in the event an Entitlement Transfer Agreement was required. The RFQ sought the following information:

- An identification of the bidder, including any advisors, anticipated partners, and any known source of funds;
- An identification of the assets that the bidder owns, operates or controls within NEPOOL for the purpose of assessing potential market power issues;
- A description of the company's financial qualifications;

- A summary of any conflicts of interest between the bidder and NSTAR Electric; and
- A summary of the internal and external approvals necessary to close the transaction.

The Company evaluated the qualifications packages on a rolling basis such that each bidder's qualifications were reviewed at the time they were received.

Q. Is the qualification process important?

A. Yes, it is especially important in the case of a third-party transaction under which an Entitlement Transfer Agreement ("ETA") would be the governing transaction document, and the ETA counterparty would have a series of continuing obligations.[1] As set forth in the ETA, bankruptcy by either party (or its guarantor) represents an event of default, a remedy of which would be the early termination of the agreement. Given the time and resources needed to develop, implement and close a PPA auction process, the Company prudently chose to establish a qualification process to avoid such costs.[2]

Q. Please describe the Due Diligence Stage of the Competitive Bidding Process.

A. The Due Diligence Stage began on October 17, 2003 when the Offering Memorandum ("OM") and the ETA were sent to 25 parties that executed the Confidentiality Agreements. (Three bidders voluntarily withdrew from the process after receiving the

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1 An ETA establishes a contractual arrangement in which a party that is unaffiliated with the generating facility agrees to accept deliveries of electricity in accordance with the terms of existing PPAs. As discussed later in my testimony, the qualifications process is less critical in the case of a termination agreement with a current Contract counterparty.

2 This concern is not academic. In D.P.U./D.T.E 97-94, the Department approved the transfer of certain PPAs from New England Power Company to USGen New England, Inc. On July 8, 2003, USGen New England, along with several of its affiliate companies, filed for Chapter 11 bankruptcy protection.

OM.) The OM included a detailed description of each Contract, an overview of the bidding process, and the preliminary Terms of Sale.

In addition to receiving the OM, Qualified Bidders also received a documentation CD-ROM that included all of the PPA Entitlement agreements and amendments as well as the associated invoices, and an electronic contract evaluation spreadsheet for each of the PPA Entitlements. It is important to note that the evaluation spreadsheet was provided for the convenience of qualified bidders, and that all bidders were encouraged to perform their own independent evaluation of the Contracts.

As noted earlier, each Qualified Bidder was assigned a dedicated CEA Bidder Representative and was encouraged to conduct due diligence by sending written questions to CEA via e-mail. The Bidder Representatives were the single point of contact for their respective bidders regarding all matters relating to the competitive bidding process. As such, the Bidder Representatives both facilitated the due diligence process for their bidders and, by serving as the single point of contact, ensured that confidentiality was maintained throughout the auction process.

Q. How was the Q&A process, including requests for additional documentation handled during the due diligence process?

A. Throughout the due diligence process, bidders were encouraged to send written questions to CEA via a separate e-mail address. CEA received and reviewed the questions and, if necessary, forwarded the questions to the appropriate company personnel. Responses to those questions were provided as quickly as possible. In addition, while bidders generally received answers to their specific questions, from time to time CEA and the Company determined that the information requested by one bidder should be made available to all bidders. Such information (e.g., scheduling and timing of bids) generally was intended to clarify issues that likely would apply to all bidders regardless of the Contact or Contracts for which they were bidding.

Q. Did bidders receive specific instructions for submitting their bids?

A. Yes, on November 6, 2003 bid instructions were made available to all bidders. A PPA Entitlement Bid Form was also sent to each bidder as an attachment to the bid instructions. The Bid Instructions, which set a due date of Friday November 21, 2003 for the receipt of Bids, specified the form and content in which Bids were to be submitted. A copy of the Bid Instructions, including the Bid Form, is provided as NSTAR-RBH-4. According to those instructions, Bids were to include the following elements:

1. The Bid Form;
2. Confirmation of the Bidding Group and Ownership Structure;
3. Identification of advisors;
4. Identification of interest by identifying the PPA Entitlements for which the bid was submitted;
5. Pricing options for each PPA Entitlement for which the bid was submitted;
6. Identification of any regulatory or other approvals or consents required to close the transactions;

7. Identification of the entity providing credit support and an explanation of how the required financial security would be provided;

8. Any exceptions to the ETA, the document through which the rights and obligations under any non-assignable contracts would be transferred.

Among other things, the Bid Instructions stated that any Bid subject to internal approvals or financing may be rejected, and that the nature and extent of proposed modifications to the ETA would be taken into consideration when evaluating bids. As discussed below, the Bid Instructions were designed to enable the Company and CEA to evaluate all bids on a comparable basis.

Q. How was the bid form structured?

A. The PPA Entitlement Bid Form included two pricing options. Option 1 provided for a lump sum payment from the Bidder to NSTAR Electric or from NSTAR Electric to the Bidder, based on NSTAR Electric paying the indicated monthly support payments for each contract. Bid Option 2 was for PPA Entitlements with energy only pricing (no fixed charges). Under Option 2 Qualified Bidders were asked to indicate the price per megawatt hour they would pay to NSTAR Electric for energy delivered under the specific PPA Entitlement. The Bid Form also required that each bid cover the remaining term and for the full output associated with any PPA Entitlement. The Bid Form also required Qualified Bidders to specify in their bid package whether each bid was separable from other PPA Entitlement bids. In addition, the Bid Form also noted that any re-marking mechanisms required by bidders due to the passage of time were to be based on publicly available indices or data sources.

III. FINAL BID REVIEW

Q. Please provide an overview of the Bids received by the Company.

A. On December 3, 2003, the Company received twelve bids, including two bids for the entire PPA Entitlement portfolio, and one bid for all but one of the Contracts.[3] None of the portfolio bids conformed to the Bid Instructions in that they were subject to internal approvals, further due diligence, or other such conditions.

Q. How did the Company evaluate the bids?

A. Throughout the months of December through March, negotiations continued with each of the bidders regarding specific aspects of their proposed financial and contractual terms. During this process, NSTAR Electric and CEA jointly and individually evaluated the bids with the objective of identifying those combinations of bids that offered the greatest mitigation of transition costs.

Written questions designed to clarify elements of various bids were sent to bidders throughout December and January, and responses were received and evaluated on a rolling basis. Based on CEA's and NSTAR Electric's evaluation of the bids, including the bidder responses to written questions, certain bidders were invited to participate in meetings and/or conference calls with the Company. During those meetings and calls,

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[3] For the purposes of this discussion, these three bids are referred to as the "portfolio bids".

bidders were provided an opportunity to further clarify certain elements of their bids, and to propose potentially value-enhancing refinements. Based on those discussions, various bidders made specific improvements to their bids. That process of ongoing discussions and negotiations regarding the payment stream and transaction structure resulted in an agreement between NSTAR Electric and MASSPOWER to terminate the MASSPOWER Contracts.

Q. How did CEA develop its valuation of the PPA Entitlements?

A. Prior to the bid due date, CEA and NSTAR Electric developed an evaluation methodology under which bids would be compared to the Company's expected long-term costs under the respective contracts, and relative to the proposed terms of other bidders for the same contracts. To perform that analysis, CEA separately valued each PPA Entitlement to determine the total cost for the energy and capacity over the term of the agreement. Specific pricing and cost assumptions were made for each of the Contracts (the specific assumptions relating to the MASSPOWER Contracts are described further below). Global assumptions regarding the market price of energy, capacity, and fuel were obtained from Henwood Energy Service Inc.'s ("Henwood") Northeast Electricity and Gas Price Outlook for Fall 2003, with updates in March and May, 2004 for years 2004 through 2006 ("Northeast Electric and Gas Price Forecast"). In general, the reduction in the above-market costs was calculated as the present value of the difference between the expected total cost under the Contract terms and the market value based on the Henwood forecast.

Q. Please describe in more detail the process used to evaluate the portfolio bids.

A. After the initial review of the portfolio bids, it was clear that one of the three portfolio bids was substantially nonconforming in its structure and contained pricing provisions that were considerably less attractive than the other portfolio bids. Consequently, our evaluation quickly turned to the remaining portfolio bids and viable combinations of contract-specific bids. Of the remaining two portfolio bids, one (herein referred to as "Bidder A") contained proposed pricing terms that were economically attractive, while the other bid ("Bidder B") contained proposed terms that were slightly above the expected above-market portfolio cost.[4] (Please note that Bidder B specifically excluded the Ocean State Power contract from its bid. See the Early Interest Letter contained in Exhibit NSTAR-RBH-3 for a summary of the Contracts. See Exhibit NSTAR-RBH-5 for a summary of the initial three portfolio bids.)

Q. How did you proceed with Bidders A and B?

A. As with all of the bidders in this process, CEA and the Company held a series of meetings and conference calls with Bidders A and B to address issues specific to their respective bids. In the course of those conversations, Bidder A brought forth a significant number of additional due diligence items, and introduced a series of internal accounting issues that would require several weeks to be resolved. Consequently, while Bidder A's portfolio bid was attractive on its face, it was unclear whether the bid would maintain its

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[4] As noted elsewhere in my testimony, these comparative analyses were performed on a present-value basis.

economic viability. Our approach to Bidder A, therefore, was to promptly address the additional due diligence needs while the bidder continued to consider its internal accounting issues.

Bidder B's bid, while slightly high relative to the expected out-of-market cost (excluding the OSP contract), did not have the number or scope of contingencies contained in Bidder A's bid. In the case of Bidder B, therefore, CEA and the Company worked with the bidder to find ways either to reduce the cost of the portfolio bid, or to identify and remove specific contracts that appeared to have disproportionate effects on the bid price. Neither Bidder A nor Bidder B were counterparties to any of the Contracts and in both cases, the governing transaction document would have been the ETA.

Q. Please describe the remaining nine bidders.

A. Of the remaining nine bidders, four were existing Contract counterparties and bid only on the Contracts to which they were a counterparty. Three of the four counterparty bids appeared to be economically viable and in aggregate represented a significant portion of the portfolio's total estimated above market cost. Those three bids, therefore, became strategic priorities. The remaining five bidders (none of whom was a counterparty) bid on a variety of Contract combinations. In three cases, the bidders bid only on the hydroelectric contracts. In one case, the bidder bid on two Contracts and the final bidder bid on only one contract. Three of the five non-portfolio, non-counterparty bids appeared to be economically attractive and also were considered to be strategic priorities. In each case, CEA and the Company worked with the bidder of every economically viable bid to enhance the value of their respective bids.

Q. How did you then proceed with the bid evaluation and negotiations?

A. Since three of the four counterparty bids were economically attractive, CEA asked Bidders A and B to re-price their bids excluding various combinations of those three contracts. (By receiving bids with and without the contracts, CEA was able to discern the portfolio bidders' valuation of the excluded contracts.) In addition, given that three of the third-party, non-portfolio bids appeared to be economically viable, Bidders A and B provided additional re-pricing scenarios excluding various combinations of those Contracts. Based on that analysis, none of Bidder A or Bidder B's breakout bids exceeded the value of the combined counterparty bids. CEA and the Company therefore determined that it was prudent to focus our negotiations on the counterparty bidders. In the end, Bidder A was not able to resolve its accounting and due diligence issues and was dropped from the process; Bidder B was not able to materially improve either its portfolio or breakout bid price and also was dropped from the process.

Q. Please explain why the MASSPOWER bid specifically was selected over the three portfolio bids.

A. As noted earlier, the Company's objective was to find that combination of bids that was most likely to create the greatest possible reduction in above-market costs associated with the Contracts. In order to make that assessment, the portfolio bidders were asked to disaggregate their bids into the several components that would allow for a side-by-side comparison of bids for individual contracts and the portfolio taken as a whole. As a result of that assessment, CEA and the Company determined that the MASSPOWER bid was the lowest viable bid and, in combination with other contract-specific bids, was therefore most likely to create the greatest reduction in above-market costs.

Q. Were other issues taken into consideration in evaluating the MASSPOWER bid relative to the portfolio bids?

A. Yes. First, as noted earlier, all of the portfolio bids were subject to further internal approvals and due diligence. Consequently, even if the bids, which were effectively non-binding, produced reductions in above-market costs equal to those created by the MASSPOWER bid, there was less certainty regarding the timing and pricing at which they might have closed. In addition, the MASSPOWER termination agreement calls for the termination of the contract as opposed to the transfer of rights and obligations under an ETA (which would have been the principal transaction document for any of the portfolio bids). Since the termination agreement provides greater certainty as to the eventual economics of the transaction, all else being equal, the Company would prefer the termination agreement structure. Although Bidder A provided a non-binding proposal with slightly lower pricing, as noted earlier, that bidder was never able to present a final, binding proposal. Consequently, in addition to the more favorable structural elements of a termination agreement relative to an ETA, the MASSPOWER bid also was the best viable bid in terms of pricing.

IV. THE TERMINATION OF THE MASSPOWER CONTRACTS

Q. Please summarize the auction results as they relate to the MASSPOWER Contracts.

A. As discussed earlier in my testimony, from October through December, 2003, the Company, through CEA, aggressively marketed the PPAs to a broad group of potential bidders, and provided selected, qualified bidders with substantial information and due diligence support regarding all aspects of the PPA Entitlements. On December 3, 2003, the Company received 12 bids for various combinations of the PPA Entitlements, including three bids for the complete portfolio. All three bids were subject to internal approvals, further due diligence, or other such conditions.

Of the two partially conforming bids, one bid included a breakout of the MASSPOWER PPA Entitlements. That bid included a monthly payment stream plus an additional lump sum payment from NSTAR Electric to the bidder. The other partially conforming portfolio bid proposed one monthly payment stream for all 24 PPA Entitlements without a breakout of the MASSPOWER Contract.

Ongoing discussions and negotiations regarding pricing and ETA terms continued for several weeks. On March 26, 2004, MASSPOWER submitted a proposal for the termination of the three MASSPOWER Contracts. After extensive analysis and review (described later in my testimony), it was determined that the MASSPOWER bid for the contract termination provided the greatest level of mitigation of the above-market costs associated with the MASSPOWER Contracts.

Q. Please provide an overview of the MASSPOWER Contracts.

A. The MASSPOWER generating facility is located in Indian Orchard, MA. The MASSPOWER unit is a gas-fired, combined-cycle cogeneration facility consisting of two gas turbines, two heat recovery steam generators, and one steam turbine. The plant has a current summer capacity rating of 231.5 MW, and a winter capacity rating of 270 MW. NSTAR Electric has three PPAs for the output of the MASSPOWER unit: two (MASSPOWER 1 and MASSPOWER 2) with Commonwealth, and one (MASSPOWER BEC) with Boston Edison.

Q. Please describe the principal provisions of the MASSPOWER 1, MASSPOWER 2, and MASSPOWER BEC agreements.

A. The MASSPOWER 1 agreement has an initial fifteen-year term beginning on July 31, 1993 and ending on July 31, 2008. Under the agreement, Commonwealth is entitled to 11.11 percent of the output of the MASSPOWER unit and is capped at 29.67 MW in winter and 25.5 MW in the summer. Pricing under the MASSPOWER 1 agreement is based on payments for delivered energy and capacity delivered to Commonwealth. The MASSPOWER 1 agreement contains other salient provisions, including assignment rights, right to expansion capacity, and security provisions.

The MASSPOWER 2 agreement, also with Commonwealth, terminates on July 31, 2013. As with the MASSPOWER 1 agreement, the MASSPOWER 2 agreement includes payments for delivered energy and capacity delivered to Commonwealth. Under this contract, Commonwealth is entitled to 11.11 percent of the output of the

MASSPOWER unit and is capped at 29.67 MW in winter and 25.5 MW in the summer. The MASSPOWER 2 agreement contains certain other provisions, including assignment rights, right to expansion capacity, and security provisions.

The MASSPOWER agreement with Boston Edison has a twenty-year term beginning January 1, 1994 and ending on December 31, 2013. Under the agreement, Boston Edison is entitled to 44.34 percent of the output of the MASSPOWER Unit, which is capped at 117 MW in the winter and 100 MW in the summer. This agreement includes an energy charge, a capacity charge and supplementary energy payments as well as other salient provisions, including assignment rights, right to expansion capacity, "most favored nation" rights, environmental credits, and security provisions.

Q. Please describe the principal terms of the proposed MASSPOWER termination.

On June 8, 2004, the Company and MASSPOWER executed a termination agreement for the three MASSPOWER contracts. As noted more fully by Mr. Lubbock, the MASSPOWER transaction is a termination of the existing MASSPOWER contracts whereby NSTAR Electric will make a lump-sum payment to MASSPOWER for the termination of the NSTAR contracts. Although the termination agreement includes a closing date as early as October 1, 2004, NSTAR Electric is assuming a closing date of April 1, 2005 for purposes of the analysis.

Q. What were the key assumptions relating to the valuation of the MASSPOWER Contracts?

A. As noted earlier in my testimony, the pricing provisions under the MASSPOWER Contracts include energy and capacity payments, with the exception of the MASSPOWER Boston Edison Contract, which includes a supplementary energy payment. The primary variables in the contract evaluations, therefore, are: (1) the market price of energy and capacity; (2) the projected energy production; and (3) fuel costs. To ensure internal consistency, the fuel, energy, and capacity price projections were obtained from the same source, i.e., the Henwood forecast. Finally, CEA used a discount rate of 7.82 percent for this and all contract and bid evaluations.

Q. Given the assumptions described above, do you believe that there is a strong likelihood that the transaction will maximize the mitigation of transition costs?

A. Yes, I do. First, as discussed earlier, the MASSPOWER bid is the result of an extensive and carefully implemented auction process in which bidders were given substantial amounts of data to analyze the contracts, and were provided many opportunities to revise and enhance their bids. As noted in Exhibit NSTAR-RBH-5, MASSPOWER's bid was materially better than any other bid for the MASSPOWER Contracts (none of which was finalized), and on a present-value basis is almost 6% below the expected out-of-market cost of the contract. Exhibit NSTAR-RBH-6 computes the Net Present Value of the reduction in above-market costs of the Termination Agreement by comparing the costs that will be incurred under the Termination Agreements to the above-market costs that would be incurred under the existing MASSPOWER Contracts. This analysis does not include the benefits of securitization, which result in the much higher customer savings that are described in Mr. Lubbock's testimony.

Q. What is your assessment of the proposed transaction's value?

A. For the reasons noted above, it is my conclusion that the proposed transaction is likely to result in almost six percent reduction in above-market costs for the MASSPOWER Contracts and that this reduction exists under a variety of market scenarios. In that regard, CEA performed a series of analyses under different power and fuel price scenarios and found that the proposed transaction continued to result in a reduction of the above-market costs of these contracts.

In summary, the Company ran a very competitive and unbiased auction process. NSTAR Electric announced its process to a broad market and aggressively marketed the PPA Entitlements for a substantial period. A high level of competition was maintained throughout the auction process and as a result, the Company received a series of strong, viable bids. I believe that the reduction in above-market costs in this transaction is a direct result of the competitive auction process that the Company established and implemented.

V. CONCLUSIONS

Q. Did the Company achieve the goals it established for this transaction?

A. Yes. As discussed earlier in my testimony, the Company established several objectives for this auction process, including:

- Minimizing the above-market costs associated with the PPA Entitlements;
- Developing, implementing and maintaining the most competitive auction process possible;
- Ensuring fair treatment of all bidders;
- Ensuring that the auction process was timely, efficient, and unbiased.

I believe that the Company achieved all its objectives by conducting a competitive auction that ensured the complete, uninhibited, non-discriminatory access to all data and information by all interested and qualified parties seeking to participate. Through this competitive process, NSTAR Electric has maximized the value of the PPAs and in so doing, has mitigated the above-market costs associated with the contracts for the benefit of its customers. By all of those standards, the auction process and results have been successful.

Q. Does this conclude your testimony?

A. Yes, it does.

Robert B. Hevert, CFA
Concentric Energy Advisors, Inc.
313 Boston Post Road West, Suite 210
Marlborough, MA 01752

Mr. Hevert is an economic and financial consultant with broad experience in the energy industry. He has an extensive background in the areas of corporate strategic planning, energy market assessment, corporate finance, mergers, and acquisitions, asset-based transactions, asset and business unit valuation, market entry strategies, strategic alliances, project development, feasibility and due diligence analyses. Mr. Hevert has significant management experience with both operating and professional services companies.

REPRESENTATIVE PROJECT EXPERIENCE

Financial and Economic Advisory Services

Retained by numerous leading energy companies and financial institutions throughout North America to provide services relating to the strategic evaluation, acquisition, sale or development of a variety of regulated and non-regulated enterprises.

Specific services have included: developing strategic and financial analyses and managing multi-faceted due diligence reviews of proposed corporate M&A counter-parties; developing, screening and recommending potential M&A transactions and facilitating discussions between senior utility executives regarding transaction strategy and structure; performing valuation analyses and financial due diligence reviews of electric generation projects, retail marketing companies, and wholesale trading entities in support of significant M&A transactions.

Specific divestiture-related services have included advising both buy and sell-side clients in transactions for physical and contractual electric generation resources. Sell-side services have included: development and implementation of key aspects of asset divestiture programs such as marketing, offering memorandum development, development of transaction terms and conditions, bid process management, bid evaluation, negations, and regulatory approval process. Buy-side services have included comprehensive asset screening, selection, valuation and due diligence reviews. Both buy and sell-side services have included the use of sophisticated asset valuation techniques, and the development and delivery of fairness opinions.

Specific corporate finance experience while a Vice President with Bay State Gas included: negotiation, placement and closing of both private and public long-term debt, preferred and common equity; structured and project financing; corporate cash management; financial analysis, planning and forecasting; and various aspects of investor relations.

Representative non-confidential clients have included:

- Conectiv generation asset divestiture
- Eastern Utilities Associates (prior to acquisition by National Grid, PLC) generation asset divestiture
- Niagara Mohawk – sale of Niagara Mohawk Energy
- Potomac Electric Company generation asset divestiture

Representative confidential engagements have included:

- Buy-side valuation and assessment of merchant generation assets in Midwestern US
- Buy-side due diligence and valuation of wholesale energy marketing companies in Eastern and Midwestern US
- Buy-side due diligence of natural gas distribution assets in Northeastern US
- Financial feasibility study of natural gas pipeline in upper Midwestern US
- Financial valuation of natural gas pipeline in Southwestern US

Regulatory Analysis and Ratemaking

On behalf of electric, natural gas and combination utilities throughout North America, provided services relating to energy industry restructuring including merchant function exit, residual energy supply obligations, and stranded cost assessment and recovery. Also performed rate of return and cost of service analyses for municipally owned gas and electric utilities. Specific services provided include: performing strategic review and development of merchant function exit strategies including analysis of provider of last resort obligations in both electric and gas markets; and developing value optimizing strategies for physical generation assets.

Representative engagements have included:

- Performing rate of return analyses for use in cost of service analyses on behalf of municipally owned gas and electric utilities in the Southeastern and Midwestern US
- Developing merchant function exit strategies for Northeastern US natural gas distribution companies
- Developing regulatory and ratemaking strategy for mergers including several Northeastern natural gas distribution companies

Litigation Support and Expert Testimony

Provided expert testimony and support of litigation in various regulatory proceedings on a variety of energy and economic issues including the proposed transfer of power purchase agreements, procurement of residual service electric supply, the legal separation of generation assets, and specific financing transactions. Services provided also included collaborating with counsel, business and technical staff to develop litigation strategies, preparing and reviewing discovery and briefing materials, preparing presentation materials and participating in technical sessions with regulators and intervenors.

Energy Market Assessment

Retained by numerous leading energy companies and financial institutions nationwide to manage or provide assessments of regional energy markets throughout the US and Canada. Such assessments have included development of electric and natural gas price forecasts, analysis of generation project entry and exit scenarios, assessment of natural gas and electric transmission infrastructure, market structure and regulatory situation analysis, and assessment of competitive position. Market assessment engagements typically have been used as integral elements of business unit or asset-specific strategic plans or valuation analyses.

Representative engagements have included:

- Managing assessments of the NYPOOL, NEPOOL and PJM markets for major North American energy companies considering entering or expanding their presence in those markets
- Assessment of ECAR, MAPP, MAIN and SPP markets for a large US integrated utility considering acquisition of additional electric generation assets
- Assessment of natural gas pipeline and storage capacity in the SERC and FRCC markets for a major international energy company

Resource Procurement, Contracting and Analysis

Assisted various clients in evaluating alternatives for acquiring fuel and power supplies, including the development and negotiation of energy contracts and tolling agreements. Assignments also have included developing generation resource optimization strategies. Provided advice and analyses of transition service power supply contracts in the context of both physical and contractual generation resource divestiture transactions.

Business Strategy and Operations

Retained by numerous leading North American energy companies and financial institutions nationwide to provide services relating to the development of strategic plans and planning processes for both regulated and non-regulated enterprises. Specific services provided include: developing and implementing electric generation strategies and business process redesign initiatives; developing market entry strategies for retail and wholesale businesses including assessment of asset-based marketing and trading strategies; and facilitating executive level strategic planning retreats. As Vice President, Energy Ventures, of Bay State was responsible for the company's strategic planning and business development processes, played an integral role in developing the company's non-regulated marketing affiliate, EnergyUSA, and managed the company's non-regulated investments, partnerships and strategic alliances.

Representative engagements have included:

- Developing and facilitating executive level strategic planning retreats for Northeastern natural gas distribution companies
- Developing organization and business process redesign plans for municipally owned gas/electric/water utility in the Southeastern US
- Reviewing and revising corporate merchant generation business plans for Canadian and US integrated utilities
- Advising client personnel in development of business unit level strategic plans for various natural gas distribution companies

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PROFESSIONAL HISTORY

Concentric Energy Advisors, Inc. (2002 – Present)
President

Navigant Consulting, Inc. (1997 - 2001)
Managing Director (2000 – 2001)
Director (1998 – 2000)
Vice President, REED Consulting Group (1997 – 1998)

REED Consulting Group (1997)
Vice President

Bay State Gas Company (1987 - 1997)
Vice President, Energy Ventures and Assistant Treasurer

Boston College (1986 - 1987)
Financial Analyst

General Telephone Company of the South (1984 - 1986)
Revenue Requirements Analyst

EDUCATION

M.B.A., University of Massachusetts, Amherst, 1984
B.S., University of Delaware, 1982

DESIGNATIONS AND PROFESSIONAL AFFILIATIONS

Chartered Financial Analyst, 1991
Association for Investment Management and Research
Boston Security Analyst Society

PUBLICATIONS/PRESENTATIONS

Has made numerous presentations throughout the United States and Canada on several topics including:

- Generation Asset Valuation and the Use of Real Options
- Retail and Wholesale Market Entry Strategies
- The Use Strategic Alliances in Restructured Energy Markets
- Gas Supply and Pipeline Infrastructure in the Northeast Energy Markets
- Nuclear Asset Valuation and the Divestiture Process

AVAILABLE UPON REQUEST

Extensive client and project listings, and specific references.

Date	**Event**
July through October	Preliminary Marketing
October 1 – On-going	Finalize Confidentiality Agreements and qualify Bidders
Mid October	Confidential Offering Materials (Offering Memoranda, Draft ETA and Due Diligence Documentation) issued to Bidders
Oct. 17 – Nov. 21, 2003	Detailed due diligence, including meetings/conference calls with management and technical personnel, and confidential Q&A
November 6, 2003	Bid Instructions issued
December 3, 2003	Final Bids Received
Early December – On-going	Bid evaluation
Spring 2004	Agreement(s) executed, winner(s) announced, regulatory process commenced

October 1, 2003

[Contact]
[Title]
[Company Name]
[Address]
[Address]

Re: NSTAR PPA Entitlement Auction

Dear [Contact]:

On behalf of NSTAR Electric & Gas Corporation ("NSTAR" or the "Company"), the parent company of Boston Edison Company, Cambridge Electric Light Company, and Commonwealth Electric Company (collectively, the "NSTAR Companies"), we are writing to inform you of the Company's intention to sell or otherwise transfer its rights to 24 Power Purchase Agreements ("PPA Entitlements") totaling approximately 1,100 MW of capacity and associated energy through a competitive bidding process. NSTAR has retained Concentric Energy Advisors, Inc. ("CEA") to act as its advisor in the transaction. With this letter, we invite your company to participate in the competitive bidding process for all or any combination of the NSTAR Companies' PPA Entitlements.

Overview of the PPA Entitlements

The 24 PPAs represent a portfolio of entitlements in generation facilities that have a broad range of fuel types and operational characteristics, and have a variety of contract terms and pricing provisions. An overview of the PPAs is provided in Table 1.1 on the page which follows. As shown in Figure 1.1 below, the PPA Entitlements are strategically located throughout New England, presenting opportunities for sales within the integrated New England Power Pool ("NEPOOL") and into neighboring markets.

Figure 1.1

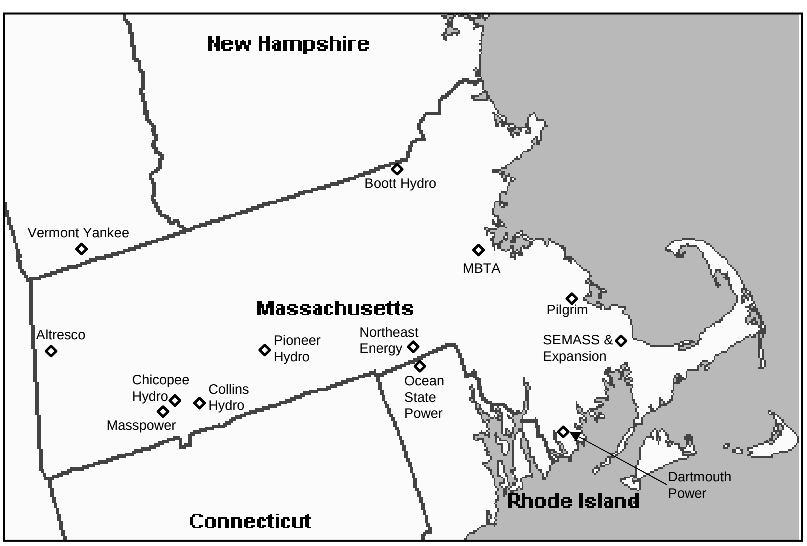

Table 1.1: Overview of the NSTAR Companies' PPA Entitlements

	Entitlement (MW)					
Unit & Contracting Entity	**Summer**	**Winter**	**Location**	**Expiration**	**Fuel**	**Technology**
Altresco-Pittsfield - CA	24.3	29.8	Pittsfield, MA	2011	Gas	CC Cogen
Altresco-Pittsfield - CO	24.3	29.8	Pittsfield, MA	2011	Gas	CC Cogen
Boott Hydro - CO	20.0	20.0	Lowell, MA	2023	Water	Hydro
Chicopee Hydro - CO	2.2	2.2	Chicopee, MA	2015	Water	Hydro
Collins Hydro - CO	1.3	1.3	N. Wilbraham, MA	2014	Water	Hydro
Dartmouth Power - CO	61.8	67.9	Dartmouth, MA	2017	Gas	CC
Masspower - BE	100.0	117.0	Indian Orchard, MA	2013	Gas	CC Cogen
Masspower 1 a - CO	25.7	30.0	See above	2008	Gas	CC Cogen
Masspower 2 - CO	25.7	30.0	See above	2023	Gas	CC Cogen
MBTA 1 - BE	25.0	33.4	South Boston, MA	2005	Jet Fuel	CT
MBTA 2 - BE	25.0	34.7	See above	2019	Jet Fuel	CT
NEA A - BE	123.5	153.0	Bellingham, MA	2016	Gas	CC Cogen
NEA B - BE	68.0	92.0	See above	2011	Gas	CC Cogen
NEA 1 - CO	22.9	28.3	See above	2016	Gas	CC Cogen
NEA 2 - CO	19.2	23.8	See above	2016	Gas	CC Cogen
Ocean State 1 - BE	63.7	74.5	Burrillville, RI	2010	Gas	CC Cogen
Ocean State 2 - BE	62.0	72.9	See above	2011	Gas	CC Cogen
Pilgrim - BE	230.8	230.8	See above	2004	Nuclear	Nuclear
Pilgrim Municipals - BE	24.4	24.4	Plymouth, MA	2004	Nuclear	Nuclear
Pilgrim - CO	36.0	36.0	See above	2004	Nuclear	Nuclear
Pioneer Hydro - CO	1.3	1.3	See above	2014	Water	Hydro
SEMASS - CO	46.2	50.7	Rochester, MA	2015	Refuse	Steam Boiler
SEMASS Expansion - CO	20.9	24.3	See above	2015	Refuse	Steam Boiler
Vermont Yankee - CA	12.7	13.2	Vernon, VT	2012	Nuclear	Nuclear
Total MW	**1,066.7**	**1,221.1**				

CA = Cambridge Electric Light Company
CO = Commonwealth Electric Company
BE = Boston Edison Company
CC = Combined Cycle
CT = Combustion Turbine

NSTAR will consider bids for all PPAs, any individual PPA, or any combination of PPAs. The NSTAR Companies anticipate transferring the PPAs to the winning bidder(s) through an Entitlement Transfer Agreement ("ETA"), under which all rights and obligations under the PPAs will be transferred to the winning bidder(s) for the remaining term of the PPAs.

Overview of Competitive Bidding Process and Schedule

NSTAR intends to conduct a single-stage bidding process, which will provide all bidders the opportunity to perform detailed due diligence and will culminate with the submission of bids in mid-November. An overview of the major milestones in the competitive bidding process is provided in Table 1.2 below. Please note that the competitive bidding process and schedule described herein represent the Company's best current estimate and are subject to change. Bidders will be notified promptly of any changes to the bidding process or schedule.

Table 1.2 Bidding Process Milestones

Date	Event
October 1 – On-going	Finalize Confidentiality Agreements and qualify Bidders
Early October	Confidential Offering Materials (Offering Memoranda, Draft ETA and Due Diligence Documentation) issued to qualified bidders
Oct. 6 – Nov. 7, 2003	Detailed due diligence, including meetings/conference calls with management and technical personnel, and confidential Q&A
October 24, 2003	Bid Instructions issued
November 14, 2003	**Bids due**
December 3, 2003	Bid evaluation, short list notified and negotiations
December 31, 2003	Agreement(s) executed, winner(s) announced, regulatory process commenced

Parties who are interested in bidding on any of the PPA entitlements must submit to CEA a Statement of Qualifications as well as an executed Confidentiality Agreement, each of which are enclosed with this letter. Submissions should be made as quickly as possible to:

Robert B. Hevert
Concentric Energy Advisors, Inc.
313 Boston Post Road West, Suite 210
Marlborough, MA 01752
(508)263-6204 phone
(508) 303-3290 fax
bhevert@ceadvisors.com

Upon the submission of an executed Confidentiality Agreement, bidders will be issued the Company's confidential PPA Entitlement Offering Materials, including the Offering Memorandum, draft ETA, Due Diligence Documentation (e.g., copies of contracts and invoices), and spreadsheet models of each PPA. Qualified bidders will be provided the opportunity to perform detailed due diligence, including meetings with Company representatives.

The NSTAR Companies expressly reserve the right, in their sole and absolute discretion, to negotiate with one or more parties at any time and to enter into a definitive agreement for a transaction involving all or any portion of the PPAs without prior notice to bidders. The NSTAR Companies, and CEA on their behalf, also reserve the right at any time, to modify any of the rules or procedures set forth herein or any other procedure, without prior notice and without assigning any reason, or to terminate the process contemplated by this letter.

All requests for further information regarding the PPAs should be made to CEA. Employees of the NSTAR Companies or their affiliates or subsidiaries should not be contacted regarding this transaction.

Thank you for your consideration. We look forward to working with you on this exciting opportunity.

Sincerely,

CONCENTRIC ENERGY ADVISORS, INC.

Robert B. Hevert
President

Enclosures:

Confidentiality Agreement
Request for Qualifications

CONFIDENTIALITY AGREEMENT

This AGREEMENT is entered into as of the _____ day of _____, 2003 by and between Boston Edison Company, Commonwealth Electric Company and Cambridge Electric Light Company, each being a Massachusetts corporation with a principal place of business at 800 Boylston Street, Boston, Massachusetts ("NSTAR Companies"), and ______________________________, a __________ _______________ with a principal place of business at ____ ("Counterparty"). NSTAR Companies and Counterparty are collectively referred to as "the Parties", and also individually as the "Party", herein.

Preamble

The Parties desire to engage process to value certain power purchase agreements ("PPAs") in considering the possible sale of those PPAs ("Possible Sale") by NSTAR Companies to Counterparty.
In the course of this process the parties intend to exchange confidential and proprietary information, as hereinafter described.

Agreement

In consideration of the covenants set forth herein, the Parties agree as follows:

1. EXCHANGE OF CONFIDENTIAL INFORMATION

1.1 The Parties agree to exchange confidential and/or proprietary information that may include business plans, financial data, load data, supply and resource data, contractual terms, pricing, proposals and other market-sensitive information, all of the foregoing being referred to herein as "Confidential Information." The Confidential Information may be conveyed in the course of the discussions between the parties, or in hard copy and/or electronic form. A Party providing Confidential Information under this Agreement is referred to herein as the "Disclosing Party," and the party receiving Confidential Information is referred to as "the Recipient."

2. RELIANCE ON INFORMATION

2.1 The parties acknowledge that neither NSTAR Companies nor their representatives nor any of the respective officers, partners, directors, employees, agents or controlling persons of NSTAR Companies or such representatives makes any express or implied representation or warranty as to the accuracy or completeness of any Confidential Information, and Counterparty agrees that none of such persons shall have any liability to Counterparty or its representatives or to any other person relating to or arising from Counterparty's use of any Confidential Information or for any errors therein or omissions there from. Counterparty agrees that it is not entitled to rely on the accuracy or completeness of any Confidential Information and that it shall be entitled to rely solely on such representations and warranties regarding Confidential Information as may be made in any final acquisition agreement relating to the Possible Sale, subject to the terms and conditions of such agreement.

3. PROTECTION OF INFORMATION

3.1 The Recipient acknowledges the proprietary rights of the Disclosing Party in and to the Confidential Information. The Parties further acknowledge and agree that no license or other proprietary interest in the Confidential Information is granted or transferred to Recipient hereby, or by the receipt of such Information by Recipient. The Recipient also acknowledges and agrees that the Confidential Information is furnished to it on a confidential basis, for the sole and exclusive use of the Recipient in connection with the aforementioned discussions, and the Recipient agrees that it will not use the Confidential Information for any other purpose nor publish, disclose or otherwise divulge the Confidential Information to any person, entity, or firm without the prior written consent of the Disclosing Party, except as provided herein. The Recipient shall permit access to the Information only to those of its and affiliates' own employees, officers, directors and consultants who have a need to know for purposes of the referenced discussions.

3.2 The copies made of said Confidential Information must be returned or destroyed upon the request of Disclosing Party. The Recipient shall upon request confirm in writing by affidavit that it has returned the Confidential Information or that all copies of the Information have been destroyed.

3.3 If the Recipient is requested by a governmental or judicial body to release to such body any Confidential Information, the Recipient shall notify the Disclosing Party of such request as soon as practicable to allow the Disclosing Party to seek an appropriate protective order. Absent a protective order, if required by order of a governmental or judicial body, the Recipient may, subject to protest and appeal by either party, release to such body the Confidential Information required by such order, provided that the Recipient shall use its best efforts to cause that body to treat such Confidential Information in a confidential manner, and prevent such information from becoming a part of the public domain.

3.4 Except as otherwise provided herein, in performing its obligations under this Article 2, the Recipient shall employ at its own cost procedures no less restrictive than the strictest procedures used by the Recipient to protect its own confidential information to prevent unauthorized disclosure or use of Confidential Information provided hereunder.

3.5 The Recipient agrees that remedies at law may be inadequate to protect Disclosing Party in the event of a breach of this Agreement, and the Recipient hereby in advance agrees to the granting of injunctive relief in favor of the Disclosing Party, to prevent the continuation of any such breach without proof of actual damages.

3.6 This Article 3 shall survive termination of this Agreement.

4. LIMITATIONS ON OBJECTIONS

4.1 The parties acknowledge the collective benefit to all persons participating in the Possible Sale process of finality in the process and of NSTAR Companies providing Counterparty with access to the Confidential Information pursuant to this letter agreement, the sufficiency of which consideration is hereby acknowledged, Counterparty further agrees (i) not to object in any regulatory proceedings seeking authorization relating to any sale of a power purchase agreement by NSTAR Companies and (ii) not to seek from any regulatory agency or any court any order, judgment or decree that Counterparty's bid was the "highest" or "best" bid, that Counterparty should have been chosen as the successful bidder in the process, that NSTAR Companies erred in their evaluation of the price, terms or conditions of Counterparty's bid or any bid of any other participant in the process as compared to the chosen successful bidder's bid (if there be one), or that NSTAR Companies otherwise exercised in their discretion in connection with this process in an inappropriate manner.

5. GENERAL CONDITIONS

5.1 The term of this Agreement shall commence as of the date hereof and shall continue for a period of three (3) years thereafter, and may be extended from month to month by written agreement.

5.2 No waiver, consent, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by duly authorized representatives of both of the parties hereto, and no waiver by any party of any default of the other shall be deemed to be a waiver by such party of any other default.

5.3 If any court shall deem any provision of this Agreement unenforceable by reason of the extent or duration of the covenants contained herein or for any other reason, then the parties agree that the court shall reduce or modify as appropriate the provision hereof that is unenforceable so as to render such provision (and/or the remaining provisions of this Agreement) enforceable, and that this Agreement as so modified shall otherwise remain in full force and effect in accordance with its terms.

5.4 Confidential Information is provided hereunder without warranty or representation by the Disclosing Party as to the accuracy or completeness thereof.

5.5 Except to the extent set forth in this Confidentiality Agreement, Counterparty agrees that until a final acquisition agreement regarding the Possible Sale has been executed by the Parties, neither the nor its representatives are under any legal obligation and shall have no liability to Counterparty of any nature whatsoever with respect to the Possible Sale by virtue of this agreement or otherwise.

5.6 This Agreement represents the entire Agreement between the parties with respect to the subject matter set forth herein, may only be amended by a writing signed by the parties, shall inure to and be binding upon the parties and their respective successors and assigns.

5.7 This Agreement and the rights and obligations of the parties hereunder shall in all respects be governed by and construed and enforced in accordance with the law of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above-stated.

BOSTON EDISON COMPANY COMMONWEALTH ELECTRIC COMPANY CAMBRIDGE ELECTRIC LIGHT COMPANY	______________________________
By:____	By:______________________________________
Title:_______________________________________	Title:____________________________________

NSTAR PPA AUCTION
REQUEST FOR QUALIFICATIONS

Parties that intend to submit Bids for the 24 Power Purchase Agreements ("PPA Entitlements") totaling approximately 1,100 MW of capacity and associated energy must provide a complete Qualifications Package. Upon receipt and approval of the Qualifications Package, the interested party will become a "Qualified Bidder" as described in the Confidential Offering Memorandum. Qualifications Packages must be received no later than October 31, 2003 and should be organized as described below:

1. Identification of Parties: Each prospective Bidder must identify the entities that will submit their Bid. This information must include:
    a. The name and role of each entity included in the bidding group;
    b. Primary and secondary contact information for individuals responsible for submitting Bids;
    c. Name and contact details for any advisors retained in connection with the bidding process;
    d. Any and all anticipated partners; and
    e. If known, the source of funds and a general description of the anticipated transaction financing.

2. Identification of Assets:
    a. For the purpose of assessing potential market power issues, each prospective Bidder must identify generating assets, both physical and contractual, that it owns, operates or controls within NEPOOL.

3. Financial Qualifications: NSTAR will qualify prospective Bidders based in part on their demonstrated ability to finance the proposed transaction. NSTAR will not accept Bids that contain financing contingencies. For the purposes of establishing financial capability, prospective Bidders must, to the extent available, for each bidding group, submit all reports filed with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder for the most recent two (2) fiscal years. If the prospective Bidder is not required to file the reports noted above, audited or certified financial statements for the same periods must be provided.

4. Conflicts of Interest: Each prospective Bidder must briefly describe any known material conflicts of interest between itself or any member of its bidding group and NSTAR including, but not limited to:
   a. Any litigation involving the prospective Bidder or any member of the bidding group and any of the NSTAR Companies;
   b. Any claims asserted by the prospective Bidder or any member of the bidding group against any of the NSTAR Companies; and
   c. Any indebtedness of the prospective Bidder or any member of the bidding group to any of the NSTAR Companies as a borrower, guarantor or otherwise.

5. Necessary Approvals: Prospective Bidders should indicate all internal and external approvals required to close the transaction. Bids subject to further internal approvals will not be accepted.

Prospective Bidders must provide the information requested herein to NSTAR through its advisors, Concentric Energy Advisors ("CEA"), at the addresses shown below no later than Friday, October 31, 2003. NSTAR and CEA will review the Qualifications Package upon receipt. *Prospective Bidders must be qualified by NSTAR in order to submit Bids.*

Please send two copies of the Qualifications Package to the address shown below:

Robert Hevert
President
Concentric Energy Advisors
313 Boston Post Road West, Suite 210
Marlborough, MA 01752
Phone: (508) 263-6204
Fax: (508) 303-3290
Email: bhevert@ceadvisors.com

Please direct any questions regarding this or any other aspect of this transaction to Robert Hevert at the number noted above.

CONCENTRIC ENERGY ADVISORS

313 Boston Post Road West, Suite 210
Marlborough, MA 01752
508.263.6200 • 508.303.3290 *fax*
www.ceadvisors.com

PRIVILEGED AND CONFIDENTIAL

November 6, 2003

Dear:

On behalf of the NSTAR Electric & Gas Corporation ("NSTAR" or the "Company"), the parent company of Boston Edison Company, Cambridge Electric Light Company, and Commonwealth Electric Company (collectively, the "NSTAR Companies"), Concentric Energy Advisors, Inc. ("CEA") is writing to inform you of the timing and procedures for submitting final bids ("Bids") regarding the transfer of entitlements to certain power purchase agreements ("PPAs").

FINAL BID DUE DATE AND CONCLUSION OF DUE DILIGENCE

Final Bids will be due at 12:00 noon EST on Tuesday, November 25, 2003. The deadline for submitting remaining due diligence questions and for participating in meetings or conference calls with NSTAR management will be Friday, November 21, 2003.

1. ***Bid Form:*** Bidders should complete and provide the PPA Entitlement Bid Form for each PPA for which a bid is being submitted. Please note that bids will be evaluated based on proposals submitted as of November 25, 2003. As noted in Paragraph 6 below, Bidders should assume a closing date of April 1, 2004. *To the extent that bids must be periodically re-marked to reflect changes in market conditions prior to the closing date, or changes in the date of the closing, bidders should provide the formula and indices that would be used to adjust such bid. Please note that both the complexity of re-marking formulas and the level of re-pricing will be factors considered by the Company in its evaluation of bids.*

2. ***Confirmation of Bidding Group:*** List all parties in the bidding group (as defined in the Request for Qualifications). If there have been any changes to the bidding group since the qualification process, such changes must be clearly identified.

3. ***Bidders may form consortia:*** In such cases, CEA must be promptly notified and a lead Bidder must be designated for the purpose of communications and possible negotiations.

4. ***Identification of Advisors:*** Identify all advisors to the Bidder, along with their respective roles.

5. ***Identification of Interest:*** Clearly identify the PPAs for which the Bid is being submitted. If separate Bids are being submitted for different PPAs or combinations of PPAs, clearly identify each such Bid and the PPAs to which it applies.

6. ***Pricing Options:*** For each PPA Entitlement being sought, clearly state the pricing Option and amounts for that PPA. For the purpose of the Bid, the effective date of the ETA should be assumed to be April 1, 2004. As noted above, bidders must provide, their proposed adjustment formulas and underlying indices intended to reflect changes in market prices or the timing of closing.

7. ***Approvals:*** Provide a list of regulatory, and/or governmental and other approvals required to close the transaction(s) contemplated, the process for obtaining and estimated time required to secure such approvals. ***Please note that Bids contingent upon board, shareholder or other internal approvals may be rejected. All proposals must be signed by an official authorized to bind the Bidder.***

8. ***Financial Qualifications:*** Each Bidder or its unconditional guarantor is required to demonstrate that it meets minimum credit criteria, including maintenance of an investment grade credit rating and a minimum capitalization threshold sufficient to support its bid through the term of the longest-lived PPA Entitlement in its bid package. To that end, the Bidder may be required to provide a stand-by letter of credit or similar security instrument provided by an investment grade commercial bank. The term of the security instrument together with detailed security provisions are described in the Transaction Agreements.

   Bidders must explain how the required financial security would be provided and the status of any documentation required for the Bidders to provide such security. In addition, if the Bidder proposes to provide financial assurance through a parent and/or affiliate, the Bidder should submit similar information with respect to that entity.

   To the extent a special purpose entity ("SPE") is anticipated, the Bidder must provide the identity and relationship between the SPE and the entity providing the necessary credit support and indemnities. As stated above, the Bidders must identify the entity providing credit support for the proposed transaction and ongoing financial obligations, as well as its relationship to the Bidder or bidding group.

9. ***Exceptions to the Entitlement Transfer Agreement:*** To the extent a Bidder wishes to propose bid-enhancing exceptions to the Entitlement Transfer Agreement, the Bidder must include an electronically marked copy of the documents. All proposed language additions, deletions, or changes should be clearly marked and should be indicated in the relevant place in the text of the documents. The extent and nature of the proposed exceptions will be taken into consideration in evaluating Bids. Significant deviations from the terms as stated in the Transaction Agreements will be viewed negatively in the Bid evaluation process.

Three paper copies of your entire Bid package and one electronic copy (MS Word format) of any proposed modifications to the Entitlement Transfer Agreement, and the PPA Entitlement Bid Form should be delivered by Tuesday, November 25, 2003 12:00 noon EST to:

Concentric Energy Advisors
313 Boston Post Road West, Suite 210
Marlborough, MA 01752
Attention: Robert B. Hevert
Telephone: 508.263.6204

The NSTAR Companies intend to select the successful bidder(s), with the assistance of CEA, as soon as practicable following the receipt of Bids. NSTAR expressly reserves the right, in its sole and absolute discretion, to negotiate with one or more Bidders at any time during this process. All Bidders will be notified regarding the outcome of this process if, when and as appropriate. NSTAR, and CEA on its behalf, reserves the right to terminate the bidding and solicitation process and to modify any of the rules or procedures set forth herein, or any other procedures, at any time without prior notice and without assigning any reason. All Bidders will be notified of any such modifications if, when and as appropriate. CEA will continue as the point of contact regarding the Bid submission process, including continuing due diligence matters.

If you have any questions about these instructions, or require any additional information regarding this bidding process, please contact your Bidder Representative. Finally, please note that the existence and content of this letter, and the existence, content and status of any Bid are subject to the Confidentiality Agreement previously executed by you.

On behalf of the NSTAR Companies, thank you for your continuing interest in this process.

Regards,

CONCENTRIC ENERGY ADVISORS, INC.

Robert B. Hevert
Phone: 508.263.6204
Email: bhevert@ceadvisors.com

Enclosures: Attachment 1: PPA Entitlement Bid Form

PPA ENTITLEMENT BID FORM

Bidders should provide three (3) hard copies, and one electronic copy of this bid form for each PPA.

Name of Bidding Group: ______________________________________

Name of PPA Entitlement: As provided in Section 5 of the Offering Memorandum ______________________________________

Pricing: Pricing for each of the PPA Entitlements can be structured in either of two ways. Option 1 is a lump sum payment from the Bidder to NSTAR (positive number) or from NSTAR to Bidder (negative number) based on NSTAR paying the indicated monthly support payments for each contract. NSTAR will provide each Bidder a schedule of monthly support payments for the term of each of the PPAs. Bidders should evaluate the PPA based on that support payment and propose a price they would pay (a positive number) or payment they would require from NSTAR (a negative number) to assume the rights and obligations of the PPA pursuant to the ETA. Option 2 is available for contracts with energy only pricing under the PPA (no fixed charges). Under Option 2 bidders should indicate the price per megawatt hour they would pay to NSTAR for energy delivered pursuant to an entitlement transfer of that PPA.

All bids should be for the full remaining term of any PPA and for the full output associated with any PPA. All bids are to be quoted in US dollars.

Pricing Option 1: Fixed <u>Monthly</u> Entitlement Support Payment from NSTAR to the Bidder:

Year	MONTHLY Support Payment		Year	MONTHLY Support Payment
2004	(To Be Supplied NSTAR)		2016	(To Be Supplied NSTAR)
2005	(To Be Supplied NSTAR)		2017	(To Be Supplied NSTAR)
2006	(To Be Supplied NSTAR)		2018	(To Be Supplied NSTAR)
2007	(To Be Supplied NSTAR)		2019	(To Be Supplied NSTAR)
2008	(To Be Supplied NSTAR)		2020	(To Be Supplied NSTAR)
2009	(To Be Supplied NSTAR)		2021	(To Be Supplied NSTAR)
2010	(To Be Supplied NSTAR)		2022	(To Be Supplied NSTAR)
2011	(To Be Supplied NSTAR)		2023	(To Be Supplied NSTAR)
2012	(To Be Supplied NSTAR)		2024	(To Be Supplied NSTAR)
2013	(To Be Supplied NSTAR)		2025	(To Be Supplied NSTAR)
2014	(To Be Supplied NSTAR)		2026	(To Be Supplied NSTAR)
2015	(To Be Supplied NSTAR)			

NSTAR PPA ENTITLEMENT
BID FORM
PAGE TWO

Pricing Option 2: Fixed Price per MWH delivered under the contract:

Year	$/MWH	Year	$/MWH
2004		2016	
2005		2017	
2006		2018	
2007		2019	
2008		2020	
2009		2021	
2010		2022	
2011		2023	
2012		2024	
2013		2025	
2014		2026	
2015			

Is this bid separable from other PPA Entitlement bids made by Bidder? ________ (Yes/No)
If No, indicate the specific PPA Entitlements that should be considered as a bundle:

To the extent that any bid is subject either to a re-mark to market between the date of submission and the date of closing, or to a price adjustment based on variations in the closing date, please provide the formula specifying how the bid would be adjusted to reflect any such changes. For the purposes of this adjustment formula please assume that all PPA transfers would occur on the first day of the month and that the closing would occur between February 1, 2004 and April 1, 2004. Further, for all proposed re-marks, clearly indicate the starting value used to develop the bid and the published index or indices that provide the basis for the change.

Bidders should be aware that NSTAR will require any re-marking to be based on publicly available indices or data sources; and the Company strongly prefers that re-marking be kept to as low a level as possible.

Initial Masspower Bids - December 3, 2003

(In $1,000's)	Portfolio Bid	Masspower
Bidder A		
Bidder B [1]		
Bidder C	REDACTED	
Bidder D		
CEA/NSTAR Valuation		

Final Bids - Spring 2004 [2]

	Portfolio Bid	Masspower
Bidder A [3]		
Bidder B		
Bidder C		REDACTED
Bidder D		

(in $1,000's)

Line		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1	Commonwealth Electric 1										
2	Projected Market Price										
3	Projected Contract Cost (2008 - partial year)										
4	Above Market Amount										
5	Present Value [1]										
6											
7											
8	Commonwealth Electric 2					REDACTED					
9	Projected Market Price										
10	Projected Contract Cost										
11	Above Market Amount										
12	Present Value										
13											
14											
15	Boston Edison										
16	Projected Market Price										
17	Projected Contract Cost										
18	Above Market Amount										
19	Present Value										
20											
21	Total PV of Above Market Amount										
22											
23	MassPower Termination Price										
24	Reduction in Above Market										

NOTES

Commonwealth 1 Projected Contract Cost Summary

Line	Year	Total KWh [1]	Energy Charge [2]	Operating Cost [3]	Wheeling Cost [4]	Investment Cost [5]	Canadian Pipeline Demand Cost [6]	US Pipeline Demand Cost [7]	Bonus/Penalty Cost Adjustment [8]	Total Cost
1	2005									
2	2006									
3	2007									
4	2008									
5						REDACTED				
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										

Commonwealth 2 Projected Contract Cost Summary

Line	Year	Total KWh [1]	Energy Charge [2]	Operating Cost [3]	Investment Cost [4]	Pipeline Demand Cost [5]	Bonus/Penalty Cost Adjustment [6]	Total Cost
1	2005							
2	2006							
3	2007				REDACTED			
4	2008							
5	2009							
6	2010							
7	2011							
8	2012							
9	2013							
10								
11								
12								
13								
14								
15								
16								
17								
18								

Boston Edison Projected Contract Cost Summary

Line	Year	Total KWh [1]	Total Energy Charge [2]	Total Capacity Charge [3]	Total Cost
1	2005				
2	2006				
3	2007	REDACTED			
4	2008				
5	2009				
6	2010				
7	2011				
8	2012				
9	2013				
10					
11					
12					
13					
14					
15					
16					
17					
18					

Henwood Power and Fuel Forecast Market Prices [1]
Average Annual Prices (Nominal $)

	Power ($/MW)		Fuel ($/MmBtu)		
Line	Year	SEMA 24/7	Gas	Oil	Coal
1	2005				
2	2006				
3	2007				
4	2008		REDACTED		
5	2009				
6	2010				
7	2011				
8	2012				
9	2013				
10					
11					
12					
13					
14					
15					

Projected Market Price Summary

Line	Year	Total KWh Masspower 1 [1]	Total KWh Masspower 2 [2]	Total KWh Masspower BEC [3]	SEMA Prices ($/MW)	Commonwealth 1 Market Prices [3]	Commonwealth 2 Market Prices [3]	Boston Edison Market Prices [3]
1	2005							
2	2006							
3	2007							
4	2008					REDACTED		
5	2009							
6	2010							
7	2011							
8	2012							
9	2013							
10								
11								
12								
13								
14								
15								